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Cuba

Cuban Report Notes Visit by 2 U.S. Democratic Legislators

PA2001232396 Havana PRENSA LATINA in Spanish 1930 GMT 20 Jan 96

[FBIS Translated Text] Havana, 20 Jan (PL) — The visit to Cuba of two important U.S. Democratic Party legislators to hold contacts with several sectors of the island has added one more element to the already growing, unofficial rapprochement between Cubans and North Americans.

John Joseph Moakley, the Democratic Party representative for the state of Massachusetts, arrived in Havana this week heading a group of academicians, businessmen, and experts who are members of the organization ABC Forum on Cuba Inc, which favors the normalization of relations between both countries and opposes Washington's economic blockade of the island.

Moakley met with the highest government levels, accompanied, among others, by Kathryn Burns, ITT Sheraton corporate development director, Gilbert S. Pierce, Bank of Boston vice president and director of international banking, and Praxedes Rivera-Ferrer, regional manager of the Gillette Company.

Commenting on his meeting with President Fidel Castro, which lasted more than two hours, Moakley has said that it had been "very friendly" and that they had talked about all the possible topics pertaining to bilateral and international relations.

"I am returning to the United States to vote against the Helms-Burton law (an initiative of ultra-rightist sectors wanting to intensify the economic siege of the Caribbean nation)," Moakley has told the press. He also has promised to work to persuade other U.S. legislators to reject the law.

In one of their meetings with Cuban specialists here, the visitors talked with Cuban Parliament President Ricardo Alarcon, who was accompanied, among others, by Fernando Remirez de Estenoz, chief of the Cuban Interest Office in the United States.

In addition, Moakley and his group also met with other government officials, Havana Auxiliary Bishop Carlos Baladron, and with directors of the humanitarian organization Caritas and members of Masonic and academic associations.

William Richardson, who is also a U.S. Democratic Party representative for the state of New Mexico, arrived in Havana during the past seven days. He was received by Foreign Minister Roberto Robaina, Justice Minister Carlos Amat, and Parliament President Ricardo Alarcon. According to what he disclosed shortly prior to his departure, Richardson spoke with President Fidel Castro for more than six hours and discussed issues such as migration, bilateral relations, and the reforms carried out on the island to overcome the financial crisis.

Another upcoming visit from the United States, but this one with a humanitarian objective, was the one by former world heavyweight boxing champion Cassius Clay, known as Muhammad Ali ever since he converted to Islam, who arrived with other members of the Foundation for Education and Disarmament.

Ali, who suffers from Parkinson disease, arrived with his wife Lonnie and donated medications valued at $500,000 to the Cuban Red Cross as part of a plan with a view to bringing to the island medical equipment and medications amounting to more than $60 million.

"I hope this donation will pave the way for more understanding between the people of both countries," said the former heavyweight (professional) champion during the 1970's during his visits to clinics, hospitals, and sports installations.

Teofilo Stevenson, the Cuban, three-time, world heavyweight champion (amateur) who hosted Muhammad Ali and his entourage, has said in reference to the long awaited, but never carried out, boxing match with Ali that it would have probably ended in a draw.

When the week was about to conclude, Huguette Labelle, president of the Canadian International Development Agency, arrived here, and her visit coincided with the Canadian Government's announcement on its decision to modify its legal guidelines to counteract attempts by the United States to prevent trade with Cuba.

Immediately after her arrival, Labelle met with Ibrahim Ferradaz, minister of foreign investment and economic cooperation, with whom she discussed issues regarding bilateral cooperation and the new reforms carried out by the country to attract foreign capital.

U.S. Congressman Visiting Cuba Cited on Helms-Burton Bill

PA1901123096 Havana Radio Havana Cuba in Spanish 0000 GMT 18 Jan 96

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Democratic Congressman Joseph Moakley and the delegation of U.S. personalities accompanying him have met Francisco Soberon, president of the National Bank of Cuba, and Carlos Martinez Salsamendi, president of the Cuban Chamber of Commerce, in Havana. The delegation includes lawyers, academicians, and businessmen on a private four-day visit to Cuba. The U.S. visitors have already met Ricardo Alarcon, president of the Cuban parliament. Congressman Moakley said that they had come to gain firsthand knowledge of Cuba's situation and to study ways to increase humanitarian aid to the island. The U.S. congressman said that he opposes the U.S. blockade of Cuba and the Helms-Burton bill, which aims to place the Caribbean nation even further under siege.

Cuban Official Meets Press on U.S. Delegation's Visit

PA1901163196 Havana Radio Havana Cuba in Spanish 0000 GMT 19 Jan 96

[Report by Barbara Bethancourt; from the "Evening Information Review" newscast]

[FBIS Translated Excerpt] Miguel Alfonso, a Cuban Foreign Ministry spokesman, met the press in Havana on 18 January. [passage omitted]

Alfonso talked about the large delegation visiting Cuba that includes U.S. Congressmen [congresistas] and their assistants and businessmen:

[Begin Alfonso recording] The Cuban Government has never been shy about establishing contacts with other countries' officials. We have always said that the chances that two countries — like Cuba and the United States — will be able to normalize an awkward relationship increase as the countries become more acquainted with one another. We have maintained this policy throughout the 36 years of the Revolution; as you all know, this has not always been U.S. policy. The United States has frequently avoided those contacts. Nevertheless, contacts are currently being established for whatever reason. These contacts will not be the only ones between U.S. politicians and economists and Cuba. This should be encouraged. I would like to point out that evidently there is interest in learning more about Cuba, regardless of the real motives for that interest. [end recording] [passage omitted]

Cuban Red Cross Receives Donation From U.S. Delegation

PA2201025096 Havana Cubavision Network in Spanish 0100 GMT 19 Jan 96

[From the "NTV" newscast]

[FBIS Translated Text] The Cuban Red Cross today received an important donation valued at nearly $500,000 delivered by Muhammad Ali, Robert Schwartz, and Susan Foley, who comprise, among others, a U.S. delegation visiting our country starting today:

[Begin unidentified speaker recording] This donation is of inestimable value not only because of its material value but because of its humanitarian and objective value, which marks the start of the [words indistinct] clinic project, led by Ramsey Clark and Robert Schwartz. Likewise, we recognize the effort of the organization Civic Relief International, through which the donations have been channeled. [end recording]

Muhammad Ali's wife said that the three-time, world champion was carrying out a humanitarian not political mission in Cuba and is confident this delegation will allow greater understanding between our countries and that it is a privilege to blaze this path:

[Words indistinct] arrived this morning by air. The visitors said the project covers 30 clinics over two years and is of considerable economic value. The North Americans will stay in Cuba until 23 January.

Cuban Spokesman on EU Cooperation Agreement Negotiations

PA2101030096 Havana PRENSA LATINA in Spanish 2027 GMT 18 Jan 96

[FBIS Translated Text] Havana, 18 Jan (PL) — Miguel Alfonso, spokesman for the local Foreign Ministry, affirmed today that the negotiations between the European Union and Cuba to reach a cooperation agreement must be based on the strictest mutual respect between the two sides.

Questioned about the resolution the European Parliament approved today urging a start of negotiations to conclude a cooperation pact between the EU and the Caribbean nation, Alfonso abstained from making any statements about it, as he did not have the text of the approved document.

"What I can tell you is that the text includes the invitation to negotiate with Cuba, and I am certain these negotiations will be based—it cannot be any other way—on the strictest mutual respect between the two sides," he said.

"I understand," he added, "that it is an encouragement to the bodies that have authority to engage in these negotiations with Cuba to indeed start holding talks and to reach an agreement."

The resolution was approved in Brussels by the European Parliament, which, according to media reports, also asked the United States to lift the economic, financial, and commercial blockade it has maintained against this country for more than three decades.

The same sources stated that the document was approved with 349 votes in favor, 16 against, and 19 abstentions and that its condition is that the Havana government expedite political reforms regarding democracy and human rights matters.

The Cuban spokesman said "as soon as we have the text of this project, we will have the opportunity to evaluate it."

TV Reports Cuban Airspace Violations Warning 16 January

PA2101154296 Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 16 Jan 96

[From the "NTV" newscast]

[FBIS Translated Text] The people are advised that during the daylight hours of Tuesday, 9 January, and Saturday, 13 January, U.S. light aircraft, in violation of our airspace, dropped subversive leaflets over several sites in Havana Province. The gang leader who claimed responsibility for the incident told Miami's Channel 23 television station about the steps they took during the second day's incursion. These individuals, who reject any type of peaceful relations with Cuba, belong to Cuban groups living in the United States. In view of these incidents, it is appropriate to repeat that the Revolution has never lost its patience, as our government demonstrated last summer, when U.S.-based counterrevolutionary groups carried out irresponsible and dangerous actions inside our territorial waters. The communique to the people states that Cuba's patience should not be confused with a disposition to admit or react weakly to such incidents, which create undesirable situations for Cuba and the United States. The concern, and even the disapproval, in top U.S. circles over recent similar adventurous actions is known. We can tell the transgressors that Cuba has the necessary means to guarantee the integrity of its national territory and interrupt unauthorized flights over its airspace. The violators should, therefore, be equally willing to face the consequences.

Radio Cites U.S. Congressman on 'Positive' Castro Meeting

PA2101151396 Havana Radio Havana Cuba in Spanish 1300 GMT 21 Jan 96

[From the "Morning Information Review" newscast]

[FBIS Translated Text] U.S. Democratic Congressman William Richardson told Havana media shortly before departing for Washington that his visit to the island and meeting with Fidel Castro were both positive. He described Castro as flexible on the issues that were raised during their talks. Richardson, who was here on a private visit, maintained that he was traveling as a member of the U.S. Congress, even though he had consulted the U.S. State Department and the White House on the issues that he would raise with Cuban authorities before coming to Cuba. Among the issues discussed was the U.S. demand that Cuban migrants undergo expensive medical exams in order to obtain visas. Cuba has noted in the past that the system of free medical treatment to which all Cubans have access does not cover the cost of any exam that a foreign country demands of Cuban citizens. Richardson confirmed that a reduction in cost will be based on a rational analysis [casuisticamente] for those people interested in migrating to the United States who are unable to pay for these medical exams. The legislator added that Cuban and U.S. authorities will examine the cases individually. The U.S. congressman from New Mexico also met with Foreign Minister Roberto Robaina; Justice Minister Carlos Amat; and Ricardo Alarcon, parliament president.

TV: U.S. Court Releases Three Plotting To Attack Cuba

PA2101202296 Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 20 Jan 96

[From the "NTV" newscast]

[FBIS Translated Text] Reports out of Washington indicate that three Cuban immigrants who were arrested for stockpiling weapons and planning an attack on the island were released after a federal court dismissed charges against them. The three men were arrested in Los Angeles in December for stockpiling weapons, which is against U.S. law. Ultra-rightist Cuban sources in Miami pressured authorities to release the three prisoners.

Cuban Foreign Minister Presides Over Meeting With Officials

PA2001023196 Havana Radio Havana Cuba in Spanish 1300 GMT 19 Jan 96

[From the "Morning Information Review" newscast]

[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina has presided over a meeting in Havana with international relations directors from central government organizations. Robaina reported that the meeting's goal was to get government offices to use the information supplied by the Foreign Ministry in their work to promote a new mechanism for cooperation and to identify interests.

Castro Attends Official Presentation of Canadian Firm

PA2101030396 Havana Radio Rebelde Network in Spanish 1800 GMT 18 Jan 96

[Report by Omayra Alonso from the "National Radio News" newscast]

[FBIS Translated Text] Commander in Chief Fidel Castro yesterday attended the official presentation of Sherrit International, a Canadian firm created to invest in Cuba, particularly in such basic industries as oil, nickel, agriculture, and tourism.

In his speech, the president of the Council of State and the Council of Ministers praised the experience, talent, and courage of Ian Delaney, president of the company and who created Sherrit International within a short period of time. Likewise, Fidel praised the seriousness and efficiency of this company, one of the most outstanding ones, starting with its efforts and the country's economic opening.

Meanwhile, Delaney said Sherrit International joins the efforts to maintain Cuba's achievements.

Canadian Official To Examine Cuban Cooperation Program

PA2001193696 Havana Radio Havana Cuba in Spanish 1300 GMT 20 Jan 96

[From the "Morning Information Review" newscast]

[FBIS Translated Text] (Judith Labelle), president of the Canadian Agency for International Development, is officially visiting Cuba. Along with Cuban authorities, she will examine the cooperation program between Cuba and Canada. She has already met in Havana with Ibrahim Ferradaz, Cuban minister for foreign investment and economic cooperation. She will stay in Cuba until next Sunday. Her agenda includes meetings with various Cuban ministers. This bilateral cooperation program includes the modernization of the National Bank of Cuba, the training of Cuban personnel in economic affairs, as well as support to produce textbooks.

Cuban Commentary Views Problems Caused by New World Order

PA2001041996 Havana Radio Havana Cuba in Spanish 0000 GMT 16 Jan 96

[From the "Radio Havana Cuba Comments" segment of the "Evening Information Review" newscast]

[FBIS Translated Text] The world faces a major paradox: Large metropolitan areas sink into poverty, and diseases that had been eliminated, or greatly reduced, even in underdeveloped countries have reemerged. The emergence of such truly sinister diseases as AIDS has led many people to think there is a strange mechanism regulating the planet's population behind these curses.

This fatalism is shared by those who assert that the major wars and massacres throughout history are inevitable, because they are part of this fearsome population control.

However, there has for a long time been an explanation, an explanation that helps us understand that all these misfortunes are nothing more than the consequence of the unequal distribution of wealth, the predominance of the survival of the fittest, the opulence resulting from the exploitation of man by man, and the absence of social justice in most nations.

At the recent Denmark summit on the widespread problem of poverty, it was quite clear that poverty is, and will continue to be, the main problem. If we do not launch a global offensive against poverty in all its forms, we can expect social problems to worsen, and social, political, and economic catastrophes to emerge at the turn of the century.

At a recent Havana conference to examine these prospects, representatives of political organizations and movements from several continents concluded that, starting in 1991, a so-called new world order had been established under the political and military leadership of the United States. This new order has prompted the development of the wildest forms of capitalism, as if the lessons of the 20th century had not been properly assimilated; it was said to be based on a globalization of international relations by a few large powers intent on controlling world affairs.

In the so-called Third World, where 80 percent of the world's population lives, 50 percent of the economically active population is either unemployed or underemployed. More than one billion human beings live in this region under impoverished conditions. This figure, as one would expect, does not include the large number of people with low incomes who live amid suffering as a result of economic insecurity, the ever-present risk of losing their job — which is almost always precarious — and unacceptable sanitary conditions.

Following the turbulent process to eliminate colonialism in such populous continents as Asia and Africa, we can easily see that, in most cases, the apparent political liberalization has lagged behind social liberalization, which is truly the core of people's aspirations. Even in developed countries, the Third World exists in poor neighborhoods where the poverty of the underprivileged accumulates and is evident. If those who manage resources fail to find an intelligent and thoughtful solution for these world problems, the social uprisings could lead the world into a maelstrom of violence, with very ugly consequences.

Cuban Ministry Appraises Communications With Guatemala

PA2001155296 Havana PRENSA LATINA in Spanish 1941 GMT 18 Jan 96

[FBIS Translated Text] Havana, 18 Jan (PL) — The Cuban Foreign Relations Ministry today appraised the high level of communications existing between Guatemala and Cuba. This high level of communications became evident with the recent invitation extended to President Fidel Castro to attend the investiture of his Guatemalan counterpart, Alvaro Arzu.

In his customary weekly news conference, Foreign Ministry spokesman Miguel Alfonso stressed the good flow of communications and exchange between the authorities of his country and those of Guatemala.

He pointed out that these ties became evident during the meetings the new president and Foreign Minister Roberto Robaina held over the weekend. Robaina attended the swearing-in ceremony because the Cuban chief of state was unable to go due to other commitments.

"There is a variety of ties that could or could not precede others," the spokesman affirmed, while maintaining that there are "many possibilities" of exchange between the two governments.

More than 10 Cuban instructors in various sports disciplines are working in that Central American nation. They have a great deal of prestige in that country.

Alfonso underscored that another significant aspect of Robaina's stay in Guatemala was the fact that he was able to hold meetings with presidents from the entire Central American region.

The spokesman explained this was more valuable, because, within the framework of the growing number of ties between Cuba and the subcontinent, Cuba has few official relations with Central America.

Robaina was in Guatemala for the first time in November 1995 to attend a regular meeting of the Council of Ministers of the Association of Caribbean States (ACS).

On that occasion, he met with prominent local politicians, including the then presidential candidate for the National Vanguard Party (PAN), Arzu.

Report Reviews Brasilia Governor's Visit to Cuba

PA2101032596 Havana PRENSA LATINA in Spanish 1700 GMT 17 Jan 96

[By Eduardo Montes de Oca]

[FBIS Translated Text] Havana, 17 Jan (PL) — In perspective, judging from the level of bilateral contacts and signed agreements, the visit Brasilia Governor Cristovam Buarque will end today will be successful for the development of Cuban-Brazilian relations.

This assertion is guaranteed first by the meeting held with President Fidel Castro during which, according to the South American politician, there emerged "other cooperation sectors" in addition to the proposed projects for the areas of culture, academics, sports, and health.

The meetings held with Council of State Secretary Carlos Lage and parliament President Ricardo Alarcon have helped broaden these objectives.

The offering of courses on the Cuban community medicine system, which is called the "family doctor" program and which doctors of the Caribbean nation will teach, stand out among the agreements.

The exchange of agricultural and industrial specialists and the gathering of sports trainers at institutes located in the largest Antillean nation also comprise the universe of new bilateral ties.

Another of the notable results of the visit, which started on 11 January, was the becoming of sisters in spirit of the Brazilian and Cuban capitals through an agreement signed by Buarque and Conrado Martinez, president of the Provincial Assembly of the People's Government in Havana, which extended an invitation to the visitor and his delegation.

During the ceremony, the chief of the Brazilian delegation was deemed an illustrious guest of the island's largest city. He appreciated this distinction, which he considered a major commitment and the materialization of an "old, youthful dream."

Likewise, the Brasilia government and the University of Havana agreed to teach here a course on social studies in the future. The official said this course will be devoted to the research of mankind's development from a Latin American perspective, because, he said, "only developed countries carry out such ambitious studies" thus far.

He added that his administration will finance this course and will sponsor the participation of prominent Brazilian scientists to further strengthen bilateral ties..

Moreover, the delegation toured historical and tourist sites as well as scientific, educational, and basic health centers. Brazil admires Cuba's heath sector very much.

Cuban Economists Urge Approval of Law on Enterprises

PA2201044396 Havana PRENSA LATINA in Spanish 2251 GMT 18 Jan 96

[FBIS Translated Text] Havana, 18 Jan (PL) — Cuban economists today urged the authorities to expedite the approval of a law on enterprises that they say is essential in the current phase of the economic reforms on the island.

During the institution's annual seminar held at the beginning of the year to evaluate the results of the previous year and to offer its predictions for the new year, experts from the Center for Cuban Economic Studies (CEEC) said a law on enterprises would complement the measures adopted so far to restructure the productive apparatus.

CEEC Director Juan Triana Cordovi said small- and medium-sized enterprises are necessary for economic development not only in Cuba but as an international trend. Until recently, he said, 60 percent of the productive apparatus consisted of large enterprises, a finding which is not consonant with the new conditions.

Triana recommended that the government use individual bank deposits, which surpass 5 billion pesos (on par with the dollar, according to the official exchange rate) to create investment funds to finance small enterprises, not necessarily private but also state enterprises. As an example, he mentioned a small printing office or workshop.

Government officials, journalists, and businessmen who are participating in the two-day seminar on 18 January analyzed the 1995 results in the foreign, industrial, and science and technology sectors.

Triana admitted that the 2.5 percent growth registered in the GNP in 1995 has some weak points, adding that one of them is the dependence on foreign financial sources that came from the USSR in the past and from foreign investments now.

Comparing the 1995 macroeconomic indicators to those of 1989, the highest ever recorded, the experts said the country is not trying to achieve those levels with the structures that existed seven years ago, which were based on a productive system different from the one proposed now.

According to Hiram Marquetti, one sector, national oil production, experienced an expansion (1,470,800 tons of crude) last year, while the nickel industry experienced a net recovery (43,300 tons), and 20 other sectors registered various levels of growth.

Meanwhile, Omar Everleny Perez mentioned the foreign sector and the behavior of foreign investments. He said approximately 240 associations have been created with foreign capital amounting to approximately $2.5 billion.

Cuban Official Explains Tax on Foreign Exchange Procedure

PA2101042196 Havana Radio Rebelde Network in Spanish 1800 GMT 17 Jan 96

[From the "National Radio News" newscast]

[FBIS Translated Text] The collection of the foreign exchange income tax on a progressive schedule is based on the dictum that those who earn more must contribute more. Maria de los Angeles Penate, an official with the National Tax Administration Office, explains in detail the procedure for the payment of this tax, which went into effect in our country this year. Mariela Diaz reports.

[Diaz] Cuban individuals who earn foreign exchange from commercial activities inside and outside the country as well as foreign nationals who have resided more than 180 days in the national territory and who earn income from a Cuban source will have to pay this tax. In other words, this provision includes self-employed workers, farmers market vendors, private transportation workers, those renting homes, although the collection of taxes on rented housing will not be done immediately because the Housing Law must be first modified, and also foreigners in the aforementioned case.

The schedule of payment for the foreign exchange income tax will be annual, and the tax will be levied on a progressive scale. Maria del Carmen Penate, from the National Tax Administration Office, explains this procedure:

[Begin recording] [Penate] The first bracket consists of those earning 2,400 convertible pesos.

[Unidentified reporter] Is this tax assessed annually?

[Penate] This tax is assessed annually. For those in the first bracket, a 10 percent rate on foreign exchange income earned will be levied. Those earning in excess of 2,400 and up to 6,000 convertible pesos will pay 12 percent; this does not mean a 12 percent rate will be levied on those earning 6,000 convertible pesos. Instead, a 10 percent rate will be levied on their first 2,400 convertible pesos, and a 12-percent rate will be applied for the difference between that amount and the total. This tax will be estimated by brackets, the highest bracket of which includes those earning in excess of 60,000, who will have to pay a 50 percent tax. [end recording]

Cuban Radio Program 'Straight Talk' Views Concept of Taxes

PA1901120696 Havana Radio Rebelde Network in Spanish 1700 GMT 12 Jan 96

["Straight Talk" program with journalist Luis Sexto and program host Gladia Rubio]

[FBIS Translated Text] [Rubio] Good afternoon, friends. This is "Straight Talk" here on Radio Rebelde Network, today with journalist Luis Sexto from BOHEMIA magazine and myself, Gladia Rubio from GRANMA daily, sitting in temporarily for Osvaldo Rodriguez. We are discussing a current and popular topic among people with Luis Sexto, namely taxation. Well, Sexto, you were just commenting on the importance of discussing this topic, because people are having difficulty even understanding the concept.

[Sexto] I believe it is very timely for you and I to talk, argue, and discuss — especially with you, since you like to argue a lot — the topic of taxes, because you become aware of it as you talk to people, for you and I are members of this society, right? We line up for bread, etc., etc., and we listen to people. Some people even ask us questions thinking that we know it all. We reporters do not know it all but are sometimes prepared to explain or understand things and help people understand things.

Of course, there is confusion in our country in the first place because a tax culture did not exist before. I think we all agree now that very few taxes, if any, were paid here for many years. The average worker did not know about paying taxes. The person with a car probably knew that he had to pay an annual amount to the so-called circulation tax; however, some people would only pay this tax every four years because nobody cared whether they paid or not. If you did not pay, you could continue driving around, and you could probably remember four years down the road that you were that many years in arrears to the treasury for the right to drive a car along the country's roads. Well, this was one of the few taxes existing in our country.

A year or two ago, a tax policy was conceived, a tax system that has many Cubans somewhat confused, bewildered, and in arrears. We must begin, Gladia, by saying that nobody likes to pay taxes. I think the confusion lies mainly in the fact that nobody likes to take money from his pocket and give it to the state, because he may sometimes see no reason for that. Besides making no sense, he does not like his pocket slashed. Nobody likes to have his pockets slashed. I do not like it; how about you?

[Rubio] How can we persuade and educate people on this tax-paying culture? How can we persuade them on the importance of this?

[Sexto] First, I believe time will be the great educator in getting people used to the idea of paying taxes. In addition, we are also here talking about taxes to try to help people understand what they are and why we have to pay them. I believe we must answer that question.

[Rubio] What are taxes?

[Sexto] A tax is a duty. It is an economic mechanism, which is not implemented only in Cuba. It has been universally implemented in almost every country of the world. It is a duty whereby the citizen cooperates with his country's public expenditures by paying taxes for any number of reasons.

[Rubio] So taxation is different from paying public utilities such as water or electricity?

[Sexto] They are two different matters, Gladia. I think we have already established that taxation is a duty, one that goes back a very, very long time. It is a contemporary phenomenon, but it goes back a long time. Look, we could say that in 19th century Cuba one of the problems that troubled the natives and sparked their rebellion against Spain was taxation. It was probably due to Spain's excessive taxation of the colony. Taxation is an old phenomenon.

[Rubio] How can we explain, Luis, the importance of paying these taxes? How can we make people see in a tangible way that it will ultimately benefit them?

[Sexto] Of course. I believe, Gladia, we must address something you asked and I have not touched on yet. We have established that a tax is a duty.

[Rubio] A duty.

[Sexto] That is correct. It is an economic mechanism by which a citizen pays duty on a number of items: Personal revenues, circulation rights, owning a home, that is, a tax on property, etc. In other words, there are reasons for paying taxes. With the tax revenues, the state can enrich its budget and get down to facing all social expenditures with the cooperation of the people. This, in short, is a simple definition of taxes.

[Rubio] We are on the "Straight Talk" program talking about taxes, why they are important, and the concept of taxes. In the first part of the program, comrade Luis Sexto explained what a tax is. He summarized by saying it is a payment made to the state. Sexto, I am asking you to tell us about the importance of paying taxes, and most of all, how to make people see that this payment is ultimately for their personal benefit.

[Sexto] It is always for the benefit of the taxpayer, no doubt.

[Rubio] Since there are many aspects to it and it basically means taking money out of your pocket, people are reluctant to do it.

[Sexto] At least in our country, we can rule out that the state will collect taxes because it lives off the people, because it is a thieving state, or because it is state that wants to enrich itself at the expense of someone else's work. We have to dismiss that notion. If anyone has it, we must eradicate it or void it because it is not valid and justified to begin with. The state, as a state, chiefly in our country, has a tremendous amount of public expenditures. When we are talking about free medicine for everyone, somebody has to pay for that medicine, of course.

When we are talking about free education for everyone, the state pays for it. Until now, the Cuban state absorbed those expenditures without the need to harm ... [pauses] or ask citizens to cooperate. Things in our society were functioning in such a manner that the state could increase or set its budget with the earnings of all the enterprises ... [pauses] of the whole economy that was in the hands of the state. It did not need to bother or ask citizens to dig into their pockets to prepare the national budget, or at least, in the budget for public spending. That situation no longer exists. The state needs the cooperation of citizens. The enormous fiscal deficit that the country has had in the past five years, which in 1993 was close to $5 billion or rather 5 billion pesos ... [pauses] What was the meaning of that? I meant that the state spent an enormous sum of money in the national budget, but the amount of money it collected was always below that amount. There was a gap of 5 billion pesos, which is enormous. That situation also increased the currency in circulation. That meant that the state had to monetize [monetizar] the budget, that is, put more money in circulation to balance the budget deficit between spending and earnings.

[Rubio] I am asking, and I am asking you, do you not think that the need for a tax culture, which we must stimulate and instill among the people, has to be accompanied by a structure of auditors, comptrollers, and new changes in the penal code — that I know for a fact are under study — to make the tax policy more viable, effective, because I surmise that many self-employed persons, those running family-owned restaurants, for instance, are not paying the taxes they really should pay. This is partly caused by the nonexistence of controls. We still cannot have a truly rigorous control to be able to see this.

[Sexto] It is not sufficient that the National Assembly approved a tax law. It is not sufficient that you and I, and other journalists and other persons, politicians, and economists talk of taxes and the need to have them in our society. That is not sufficient. Most of all we need a structure that makes paying taxes viable and functional, and makes paying taxes obligatory or unavoidable. It is not sufficient to pay taxes; we need to collect taxes. Most of all, we need to collect taxes. There will always be someone — could be many persons or just a few, I cannot tell — who will try to evade taxes.

[Rubio] To prevent that, changes in the penal code are under study now.

[Sexto] Sure. Dodging taxes is a criminal offense. In other societies, it is an offense. In the United States, which is the classic example, citizens pay in taxes an average of 30 to 40 percent of their income. From the lowlest to the highest worker, everyone pays an enormous amount of his money in taxes.

[Rubio] I believe controls are greatly needed to make sure the progressive tax on income is paid.

[Sexto] Of course these controls are needed, but going back to the U.S. example, you know that tax evasion is one of the most serious crimes in the United States for which a person may be severely punished.

[Rubio] We are in the final stretch of "Straight Talk." We are talking with Luis Sexto from BOHEMIA magazine, and we are discussing the interesting topic of taxes. It is a topic that is currently on the public's mind. Up until now we have talked about what a tax is, the importance of paying taxes, and we are noting the fact that all societies have mechanisms to collect taxes. It is not a matter of paying, but a matter of collecting as well.

[Sexto] It is especially a matter of collecting taxes. As we said before, there will always be someone who refuses to pay, and there must always be someone wishing to collect. It is especially necessary to have someone wishing to collect the tax. As we have said before, taxes are one of the fundamental mechanisms for the Cuban state to draft its budget and face the enormous social spending, which our country — despite its economic crisis — has not given up. Taxes are a social duty. It is the citizen's duty to cooperate in his country's public expenditures. These are expenditures that end up benefiting the taxpayer. Tax payments will always benefit the taxpayer in the end.

[Rubio] Don't you think that in this regard the media can play a more active role by explaining how the collection of taxes will benefit society? The population must be informed of how these funds are being invested. The people must be informed how the taxes are being used.

[Sexto] I believe that would be a good idea. The people should know how the Cuban state spends its budget.

[Rubio] They should at least be told how much is collected.

[Sexto] It is good for voters and citizens to know how the money is spent.

[Rubio] Of course.

[Sexto] I believe that when the Cuban state publishes the budget at the beginning of the year, citizens learn how the money collected is invested. Citizens must also know how other money is spent, the money the government collects through other means for the budget.

To sum up. The payment of taxes is everyone's duty. It may be unpleasant because everyone tends to close his wallet when it comes to giving money to others. That is important, but we must note that taxes will end up benefiting taxpayers and citizens. The school I help pay for will be used by my son. The hospital I help pay for will benefit my son, my family, and myself. We must see it as a mutually beneficial relationship. The state demands a contribution from me, which will end up benefiting me. It must not be confused with the payment of services. I pay for water because the Cuban state invests 80 million pesos annually in pumping water to my home. It is fair for me to cooperate with the pumping of that water with a peso per month. I am not charged for the water but for the pumping. That is not a tax, that is a service for which I am paying.

In addition, Gladia, taxes serve to balance out social inequalities. Now that there are opportunities for private enterprise, it is necessary to balance social inequalities. Taxes prevent a group of people from getting too much. He who earns the most must pay the most taxes.

[Rubio] We thank Luis Sexto for participating in "Straight Talk" and talking about its importance and the education required by the Cuban people in this regard. We bid you farewell until the next "Straight Talk" program.

New Cuban Police Force To Confront Crime in Mountain Areas

PA2001025196 Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 13 Jan 96

[From the "NTV" newscast]

[FBIS Translated Text] A new police force, which will reside in the mountain areas themselves, will play a fundamental role in preventing and confronting crime. Cases such as the theft and illegal trafficking of coffee and the stealing and butchering of cattle are among other crimes that will be penalized by law.

[Begin unidentified speaker recording] We think that it is an effective guarantee for the security and tranquillity of our population in the mountain areas. It will decisively contribute to an increase in production and will protect our resources. It will protect our brigade and support our positions, for the second phase of the War of All the People. [end recording]

Jorge Luis Sierra, first secretary of the Communist Party of Cuba in Holguin Province, presented a banner to the mountain force, which will operate in Sagua de Tanamo, Moa, Frank Pais, Mayari, and Cueto Municipalities. The members, who will operate as auxiliaries to the National Revolutionary Police, received the necessary training and possess the required authority to efficiently comply with their missions.

A group of combatants were promoted to the next rank.

Cuba's CDR Provincial Coordinator on Neighborhood Security

PA2101015596 Havana Radio Rebelde Network in Spanish 1800 GMT 17 Jan 96

[Report by Pepe Suarez from the "National Radio News" newscast]

[FBIS Translated Text] The Lenin neighborhood, in this capital's old Havana section, is where the national debate center for revolutionary surveillance will take place at 2000 tonight. Pepe Suarez will expound on this topic.

[Suarez] Right in the open and in full contact with the community, the leadership cadre of the national coordinating board of the Committee for the Defense of the Revolution [CDR] will discuss essential issues involving the defense of the peace, the people's interests, and the interests of the community and the revolution. These topics will be discussed, with a large participation of rank and file leaders of neighbors, together with those pertaining to the surveillance of the country's provinces and municipalities. (Antonio de la Llera Herrera), provincial coordinator of the CDR in the nation's capital, gave exclusive statements to the "National Radio News" newscast:

[Begin (de la Llera) recording] The fundamental emphasis on strengthening neighborhood security should not only be seen as work to be done by the guards but should include defending and caring for our neighbors' property and centers that render assistance to the people. Tonight, we intend to take an inside look at our work in each neighborhood and learn about and be able to hinder the work of the enemies of our revolution. We also seek to preserve discipline and to prevent violations of the law. All of this is in direct and systematic support of our Revolutionary National Police. [end recording]

Cuban CDR Plenum Approves Document on Tasks for Surveillance

PA2201044496 Havana Cubavision Network in Spanish 0100 GMT 19 Jan 96

[Report by Miguel Angel Ribalta from the "NTV" newscast]

[FBIS Translated Text] The CDR [Committee for the Defense of the Revolution] concluded in Havana today its second plenary meeting presided by CDR National Coordinator Juan Contino. In this second meeting, the plenum unanimously approved the document containing the goal and main tasks for surveillance in 1996. One of the main points is to help reverse neighborhood crime, especially robbery in homes and other locations. This goal requires improving the guard and control system.

The document also states other regulations with a view to guaranteeing the people's peace, according to what Roberto Diaz Sotolongo, deputy chief of the CDR central committee's organization department, said when summarizing the conclusions:

[Begin Diaz recording] Stability has been achieved and has also allowed the country to concentrate on the economic measures while attempting to emerge from the crisis. I also believe the single system of surveillance and protection has been a contribution toward the special period. [end recording]

Cuba's ANAP President Cited on Small Farmers Production

PA2201024896 Havana PRENSA LATINA in Spanish 0242 GMT 19 Jan 96

[By Jorge V. Jaime]

[FBIS Translated Text] Havana, 18 Jan (PL) — The highest echelons of Cuba's National Association of Small Farmers (ANAP) admit that the idea that small land plots can exist alongside Cuban state agriculture, without being detrimental to the latter, is valid.

ANAP President Orlando Lugo Fonte has told PRENSA LATINA this type of agricultural production, individual proprietors, never disappeared in Cuba, because the state still allowed private plots of five caballerias (more than 67 hectares) following two major agrarian reform laws in the 1960's.

"Cuba has been able to accommodate the two types of production (...) thus contributing to improving people's food and the national economy," the leader of independent agricultural producers has said.

Likewise, Lugo has said there are two forms of agricultural production on the island, because not all crops are typical of small land plots. He used as an example the case of rice fields, which, he has said, need an infrastructure that small farmers cannot provide.

"In such productions as tobacco or coffee," he has said, "which are made by families manually, the state decided to grant its land in usufruct to ensure that large peasant groups with experience in these crops will tend them."

This is how the first basic cooperative production units (UBPC) started emerging two years ago. These units achieve the objective of giving the land for certain farming activities to those who can extract more benefits from it.

Lugo has affirmed that in the UBPC's the farmers own the means and the production, a percentage of which the state, in addition to guaranteeing a share of low interest credits, pledges to purchase.

Likewise, the top leader of the ANAP, an independent legal organization within the Agriculture Ministry, has praised the efficiency and large profits of the Agricultural-Livestock Cooperatives (CPA) in the first 15 years since they were founded.

The CPA's are voluntary groups of small farmers. Through them, peasants merge their properties to make collective financing and general services viable. This is but one of the elemental advantages of working in groups.

Likewise, the ANAP leader today said the contributions to the sugarcane harvest, which is expected to exceed 4 million tons in 1996, the tobacco harvest, and the production of vegetables and tubers constitute the main challenges the cooperative and peasant movement must face in the Antillean nation.

He has affirmed that 20 percent of raw materials for sugar mills and 90 percent of the tobacco production correspond to the sector he heads. "This commitment is a major one that cannot be broken."

Lugo has said the ANAP is marking its 35th anniversary on 17 May with the strengthening of its profit rate and its economic efficiency in all cooperatives under its administration and the other institutions linked to independent agrarian production.

Cuban Radio Program Views Combines Status for Rice Harvest

PA2101010996 Havana Radio Rebelde Network in Spanish 1255 GMT 13 Jan 96

[From the "Doing Radio" program]

[FBIS Translated Text] Cuba's rice production experienced a dramatic reduction during the height of the special period. Along with this finding, the operating status and availability of harvesting combines also decreased. Due to the measures implemented to revitalize this sector, the grain of which is decisive in the Cuban people's diet, a substantial increase in production has been observed that should be even greater during next year.

The situation is still worrisome concerning combines. This issue may become the Achilles heel of the efforts to increase rice production, thus reducing imports. The existing combines are under repair, and a search throughout world markets for efficient and economically priced combines is underway, but the reason motivating this report is that in Cuba we produce the [word indistinct] combines, which could be the definite solution. I say could be, because reality has proven that their quality and efficiency to date are not within the best of economic levels. Regarding this issue, I want you to listen to the conversation that took place recently between Jose Ramon Machado Ventura, Politburo member, and Mauricio Fernandez, manager of Granma's agroindustrial rice complex, Cuba's largest rice producer:

[Begin recording] [Machado] We spend more money buying spare parts than on buying combines. What we need is for you to start making parts, something which is easier. We are trying today to build a combine and are buying hundreds of chains in Spain. The chains.... [pauses] What we should do....

[Fernandez, interrupting] [Words indistinct].

[Machado] Of course. What you have to make more spare parts....

[Fernandez,interrupting] We have to do both things this year. We have to make more parts, and then we will be able to build a combine....

[Machado, interrupting] It can be done.

[Fernandez] What [words indistinct] build the combine? Then, when the Cuban combines are good [words indistinct], but today the [words indistinct] we have here, after only two years, has to be repaired as if it were 10 years old. It costs 30,000 [words indistinct], and this Italian one costs 60,000 [currency unspecified]. That one costs 87 [figure as heard], and this one $50,000. This one costs double but later uses up one-half of its cost in spares, meaning, economically speaking, it is not feasible.

They can be developed, but today we should not discuss [words indistinct] continue making the maximum number of parts [words indistinct] they can continue building prototypes and continue testing them [words indistinct].

[Machado] That is not exactly how we can improve our economy from an economic point of view. You also have security here in the factory. There are people working here and another series of things that counts in our economy. It is not only about the cost of various things; that is, value and other things as well that you [words indistinct] something constant. It is the same thing. You have people here who are working. You are giving them a job. That is something indirect, but it is a factor. It is just like the money from tourism. It is not only the money a tourist spends at the hotel but that tourist can also spend money in other activities. He is leaving money in the country. It may not be via tourism, but he is leaving money in the country. [end recording]

Undoubtedly, it would be very good to be able to build in Cuba the combines used for the rice harvest, but we cannot forget about economic calculations. They are what will make or break an enterprise. The [word indistinct] have a long road ahead. If they are improved, they could become the solution for forthcoming harvests, which will have to be better.

Cuban Science Sector Workers Discuss Report for CTC Congress

PA2101030196 Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 18 Jan 96

[Report by Mary Carmen Gonzalez from the "NTV" newscast]

[FBIS Translated Text] Science sector workers have held the first discussion of their report for the 17th CTC [Cuban Workers Federation] Congress at the Genetic Engineering and Biotechnology Center.

All the workers of the center's Assistant Directorate for Quality Control were present. These workers have the final say as to the quality of Cuba's export products. From the very first presentation, the unavoidable need for efficiency in state enterprises was emphasized. Some have agreed that management leadership must be well prepared, particularly regarding economic control, to achieve this purpose. In addition, certain workers have believed it was necessary for the state to compete with self-employed workers to force price reductions. Meanwhile, others have believed that certain services provided by self-employed workers are justified because the state is unable to provide them.

This group of workers has set as its immediate goals to enforce WHO standards for certifying finished products and to improve the economic performance of the directorate. This discussion was marked by a profound analysis made by a group of workers who are responsible for upholding the reputation of the products created, produced, and marketed by the Genetic Engineering and Biotechnology Center.

Commentary Views Loss of Cuban Sugarcane Fields to Cattle

PA2201011396 Havana Radio Rebelde Network in Spanish 1800 GMT 15 Jan 96

[From the "National Radio News" newscast]

[FBIS Translated Text] Correspondent Meosotis Fabelo, from Camaguey, comments on the pillage caused by cattle roaming about in planted areas, sugarcane fields in this case, and the negative consequences this situation has on the economy:

[Begin Fabelo recording] How many times before have I spoken about cattle grazing in planted areas? I thought this problem had been resolved, but I have learned during a visit to the municipality of Jimaguayu that cattle are still eating sugarcane in certain areas.

Up to December, animals from the Najasa and Triangulo Cuatro Agroindustrial Complexes had eaten almost 29 caballerias of sugarcane at the El Entronco and Palma Hueca Basic Cooperative Production Units, both of which are located near the limits of the municipalities of Jimaguayu and Najasa. Furthermore, cattle from the Alfredo Alvarez Mola Agroindustrial Complex have also damaged the sugarcane fields.

A simple mathematical calculation points out the significance of the matter. If we consider an average of 37,000 arrobas of sugarcane per caballeria, this means the cattle there have eaten 1,036,000 arrobas of sugarcane; therefore, this affects the 1995-1996 sugarcane harvest and the raw material to be used during the 1996-1997 harvest campaign!

The Communist Party of Cuba of the municipality of Jimaguayu and the Interior Ministry cadres are applying Decree-Law 174; that is, 50 peso fines per cow found grazing in a sugarcane field and the confiscation of the cows. Beyond the jurisdiction of the municipality of Jimaguayu, however, the agro-industrial complexes in the municipality of Najasa are not doing a thing, for which there is no justification, much less justification if we recall that during 1995 wire was supplied to enterprises and organizations to be used to set up perimeter fencing, but an analysis has been carried out together with the managements of the Alvarez Mola, (Sincop), and Triangulo Dos Agroindustrial Complexes, which also have cattle in these areas that are affecting the sugarcane producing basic cooperative production units.

How long will we have to continue talking about the neglectful who allow cattle to eat entire sugarcane fields? Following this path, all the efforts agricultural workers have made in the recovery of sugarcane production are lost or, better yet, eaten by cows! [end recording]

Cuban Radio Program Discusses Internal Migration to Havana

PA2201010996 Havana Radio Rebelde Network in Spanish 1700 GMT 17 Jan 96

["Straight Talk" program with Vladia Rubio of the newspaper GRANMA and host Luis Sexto of BOHEMIA magazine]

[FBIS Translated Text] [Sexto] This is "Straight Talk," and I am Luis Sexto of BOHEMIA magazine with Vladia Rubio of the newspaper GRANMA.

We are going to discuss a topic that will disturb many of you. It is true that Havana cannot take it any more. Vladia will discuss the topic of internal migration, the movement of which has been taking a toll on many areas of the island for many years. She will discuss or expand on this topic, which concerns many people in Cuba.

[Rubio] We are going to focus on Havana, in keeping with that song called "Havana Cannot Take It Anymore."

A year-long study on migration to Havana by the university's Demographic Studies Center, the Physical Planning Institute, the National Statistics Office, and the United Nations Fund for Population Activities has tried to address the issue. The results are fresh, very fresh. They began being released last November, and information is still coming out. It seems to me that the information released so far is very important and warrants profound reflection.

I must tell you and our "Straight Talk" friends that the balance of internal migration is twice the natural growth of the City of Havana; that is, natural growth due to external emigration and the fertility rate. As a matter of fact, the fertility rate has diminished considerably and may be an interesting topic in another program. We must say that 35 percent of the people living in Havana, from 15 to 64 years of age, the age bracket from which this sample was taken, were not born in Havana. What an interesting fact.

[Sexto] I am one of them.

[Rubio] You were not born here?

[Sexto] No, I was accepted here, but that was a long time ago.

[Rubio] The number of internal migrants in the first half of last year was over 12,000. From 1993 to 1995, 45,000 people, a respectable figure, moved to Havana. Of course, the other side is the people who leave the capital, who leave for other provinces, go abroad, and so forth. Here is an interesting fact. Fifteen percent of the total number of migrants who live in the capital come from the eastern region.

[Sexto] We are going to say here that we have nothing against easterners.

[Rubio] Nothing. It seems they feel an affinity for the capital. There is a reason for that, certainly, and I will briefly get into that issue or the reason for the migration. Before doing so, however, I want to say that 13 percent of those born in the eastern region come from Santiago; that is, 13 percent of the easterners living here were born in Santiago, 11.4 percent were born in Granma Province, and 10.2 in Holguin. These figures are different from the results of the 1970 census. Do you remember the census taken in 1970?

[Sexto] Yes.

[Rubio] In 1970, most migrants living here came from Villa Clara, the country's central area.

[Sexto] My province.

[Rubio] Your province. Now, they come from the more eastern region. It is good to mentione before delving into the characteristics of the migrants that 35 percent of the people living in Havana were not born here and that 15 percent of these migrants, in the 15 to 64 age bracket, come from the eastern region.

[Sexto] These are basic facts that motivate the concern of people in the country, politicians, economists, and demographers.

[Rubio] Let us now talk about who they are.

[Sexto] Vladia Rubio is talking about internal migration and the magnet point; that is, Havana.

[Rubio] Who are these migrants? A high percentage of them are women, and most of them are over 35; that is, they are not young people. What are the labor characteristics, or what motives have prompted them to migrate? There are basically two reasons, as they state in surveys, reasons involving the family or employment. Among the reasons pertaining to the family we find divorce, marriage, and so on.

It caught my attention in particular that among the reasons connected to employment, we find state decisions, an ordered migration, or people who are sent to Havana to perform a specific job; they have been transferred there. I find it contradictory or paradoxical that we have an internal migration for employment reasons that is ordered or based on a state decision although we know the problems existing in the capital city regarding services, water supply, transportation. I think all of this will change, because I recall that in the last session of the National Assembly of the People's Government [ANPP], the commander in chief mentioned this topic in his speech. He insisted on the need to educate people on the importance of stopping the stimulation of internal migration. I recall that he was referring to housing problems, that he talked about the water and transportation problems. He placed great emphasis on this issue, which we cannot tolerate.

[Sexto] We see this is an old policy that, I believe, dates back a long time ago. I believe this matter is closely related to the cadres policy. The goal was to promote cadres from the provinces. Talented men were brought in from the provinces to perform major duties in Havana. I feel that this policy was motivated by a very generous, far-reaching, and national spirit. In the long-term, this policy becomes contradictory when it reaches unbearable numbers. We must modify or change it.

I also think this policy can be criticized in another regard; that is, that it has been draining our provinces as it transfers its best men and women to Havana. I believe every cadre policy must be very sensible most of all. I know of many talented people from other provinces, mainly from the east, who are working in Havana today. We can say that Havana or the central apparatus has become enriched, but we cannot have the weakening of the political and administrative sectors in the provinces, as many talented men and women are needed. I believe this policy has to be changed, as you so rightly said.

[Rubio] In this regard, based on the results of the survey, the ANPP Constitutional and Legal Affairs Committee has held several meetings to reach a consensus. I do not believe there should be strict bans, but controls on internal migration should be more rigorous, because it is obvious Havana cannot tolerate it any more.

[Sexto] We are clear on that point. We cannot overburden our city, which, I believe, is a human settlement facing many difficulties that are compounded by the high percentage of internal migration. It catches my attention that employment is not the basic factor in this move or transfer.

[Rubio] I agree. The results of the poll indicate that the employment factor loses force during the special period and so does the ordered migration, a topic which we were discussing earlier, or the migration proposed by the state leadership. The family reasons do not apply in this case, although they are often a pretext. You live in the east and are sent to Havana, and I am your wife, and I go with you, but what basically motivates me to move to Havana is to have a whole different lifestyle.

[Sexto] Having your wife accompany you is justifiable, but there is no reason for the cousin, brother, nephew, or uncle later. I believe there is no justification for that.

[Rubio] Often hiding behind those family reasons is the pretext that one wants to enjoy the Havana lifestyle, which, undoubtedly, is different than in the rest of the provinces.

[Sexto] Here is Vladia Rubia with "Straight Talk" discussing internal migration movements and its impact in Havana.

[Rubio] Because we are in the final minutes of the program, I believe it is worthwhile to recap what we discussed, which is based on the results of a recently concluded study on migration to Havana. The two most outstanding results were that 35 percent of the people living in Havana were not born here, the majority of whom come from the east, and that family reasons are the fundamental motivation for their coming to Havana. As result of this study, a number of projects or actions to be taken are under consideration, most of all by the ANPP Constitutional and Legal Affairs Committee, because this topic cannot be ignored. I believe the actions must be accompanied by education in addition to legal and legislative restrictions.

I always insist on the need to educate the citizen. All the organizations and factors comprising the social structure must be tasked with this education. I am even referring to the CDR [Committee for the Defense of the Revolution], and the Federation [Federation of University Students]. The CDR, with the new policy it is implementing and style, is also called upon to play a role in this regard. If a family of new migrants arrives in the neighborhood from any province—I am not going to harp on the people from the east—and there are 10 members in that family, why doesn't the CDR talk to the head of the family in a meeting with that same cordial spirit that has distinguished us and ask him what spurred this migration? Don't you realize this migration hurts you and the family members you have brought with you?

[Sexto] Of course, I believe education from an early age is fundamental. The good citizen of tomorrow begins being educated from the cradle, from the moment his mother and father do not pick him up every time he starts to cry, please him all the time, or spoil him. I also believe there must be other ways to solve these problems. Cuba always had an internal, migration flow. I was born in Villa Clara. My family moved to Havana in 1955 when I was seven or eight years old. Let me tell you that my family and many other families from my hometown—I mean, the prominent families, or the families that had been in that town the longest—came to Havana. Reasons of a social and labor nature, not family reasons, were the fundamental causes that prompted them to come here.

My father had no job, so he had to come to this city to see whether he could find one, given that the possibilities here were greater. In the underdeveloped countries of the Third World, the center of the economy, the place with greater possibilities.... [pauses] Then, my mother had dreams that we could achieve something in life, but the most you get in my hometown was a sixth-grade education.

[Rubio] That is not the case now.

[Sexto] Of course. There were other kinds of reasons, mainly of a social and labor nature. We were seeking to survive in that poor and weak country I knew in my childhood. You are telling me now that conditions are different. Are all conditions really different now, Vladia? You said something that caught my attention. Sure, some families come here with the pretext that they want to be with their families; certainly, but they want to find a lifestyle different from the one in their places of origin. I tell you, we must still change some things.

[Rubio] Certainly, exactly.

[Sexto] We still need to guarantee living conditions to people....

[Rubio, interrupting] One of the ways to make changes is to keep people where they are. They should learn to love their hometown, their province, and strive to make it better.

[Sexto] We have much to discuss, Vladia. We are running out of time. It seems I spoke too much and did not let you speak.

[Rubio] I just want to say one thing before finishing. You said this matter is not just one of education but of laws. I want to stress that the Constitutional and Legal Affairs Committee is discussing the issue. It will not be just a question of education.

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to insufficiency and low yield. (Havana Radio Rebelde Network in Spanish 1800 GMT 15 Jan 96)

Pedro Ross Leal of the Confederation of Cuban Workers, CTC, participated in the opening of the discussion of proposals for the CTC's 17th Congress and said the revolution does not rule out the possibility of raising the salaries of some workers contingent on the higher production yield of export products. (Havana Radio Rebelde Network in Spanish 1800 GMT 15 Jan 96)

Pedro Ross Leal called on all Cuban workers to participate, starting today, in the discussions of the thesis of the 17th Cuban Workers' Movement Congress. Ross Leal took part in the Isle of Youth's 9th CTC conference and announced that the CTC will finance the building of an athletic field on the Isle of Youth. (Havana Radio Rebelde Network in Spanish 1255 GMT 15 Jan 96)

Maria De Los Angeles Garcia attended last night in Sancti Spiritus Province an act to commemorate national science day, which was held for the first time outside Havana. She sent a message of congratulations to the national scientific community. (Havana Radio Rebelde Network in Spanish 1255 GMT 16 Jan 96)

Carlos Lage Davila and Fernando Perez Concepcion, secretary general of the National Transportation Union, presided over a meeting of 400 railroad workers, who unanimously approved the 11 thesis of the 17th CTC congress. The main topic of discussion was "economic efficiency as an exemplary way to defend the revolution and the conquests of socialism" under current conditions. The meeting took place at the Francisco Vega Sanchez' railroad repair facilities in Havana. (Havana Radio Rebelde Network in Spanish 1800 GMT 16 Jan 96)

Yadira Garcia Vera congratulated oil brigade workers in Matanzas Province for having drilled a 1,370-meter well, in search of light hydrocarbons, in just 21 days. This is the first of four wells planned for 1996. (Havana Cubavision Network in Spanish 0100 GMT 17 Jan 96)

Carlos Lage Davila recognized, in Camaguey Province, the improvement in the current sugarcane harvest. He added, nevertheless, that certain technological problems to do with discipline still need to be overcome. (Havana Radio Rebelde Network in Spanish 1800 GMT 17 Jan 96)

Jose Ramon Machado Ventura presided over the 11th National Forum of Science and Technology, which discussed the support to the sugarcane harvest and increased sugarcane production. A document was prepared, which highlighted the need for industrial efficiency and technological discipline to produce more sugar at a lesser cost. (Havana Radio Rebelde Network in Spanish 1800 GMT 18 Jan 96)

Haiti

President Aristide's State of Union Address

PA1301220696 Port-au-Prince Radio Nationale in Creole 2000 GMT 8 Jan 96

[State of the Union address by Haitian President Jean-Bertrand Aristide to the Haitian Parliament in Port-au-Prince on 8 January; monitored in progress; passages within slantlines in French — live]

[FBIS Translated Text]...citizens all over the world are entering 1996 with the feeling that they can live in their own countries without feeling like outsiders or that a favor is being done for them.

What about us here, in Haiti? Article 151 of our Constitution paves the way for the president to report on the state of the union, particularly when the National Assembly president reminds us of all the important work that has to be done. You will find that my state of the union address is quite short. An election year just passed, a year of sacrifice for the Haitian people. Haitians anticipating my return were very happy, figuring that it would bring them peace, security, justice, food, a lower cost of living, justice in the courts and in society, and a truly better life.

The Haitian people were willing to sacrifice throughout 1995 to ensure:

— their right to parliamentary democracy, despite the fact that Parliament did not help them defend that right during three years of coup d'etat;

— their right to representation in Parliament, despite the whirlwind three years of coup d'etat;

— and their right to add to the number of legislators in Parliament.

Their sacrifice led them to presidential elections; consequently, much effort and money went into these elections throughout 1995. It was a big (?time).

Where did we get the money to do all of this? There are no gifts in politics; politics is a game of interests; I want to know what I am going to get for my money; I must see what I will get in return when I give. Why were the countries that helped us so interested in helping us? Do they really love the Haitian people enough to finance an entire campaign year? Do they not have a political profit to draw? Where do their interests lie? We see not only where their interests but also where our interests lie. One interest lies in a move down the democratic path — that is, electing deputies, senators, mayors, and Communal Section Administrative Council [CASEC] members through a popular vote.

We will not regret this. Democracy is based on the principle of the people demonstrating the will of the people. They use their ballots to say: These are the people I choose as CASEC members in my community; this is who I chose for mayor in my community; these are the people I choose as deputies, senators, and president.

While the wind of elections was blowing through the country, was the wind of hunger not blowing through the people's stomachs? Yes. Do we get as much money to fight the high cost of living as we did to hold elections? No. Will we sit and wait for them to lower our cost of living? No. We can see almost the same thing with regard to justice and security.

Governments did all they could. The executive branch received help in its efforts to set up a police force trained in practices different than those of the Haitian Army. This merely got the ball rolling: The police force is small enough and inexperienced enough that it cannot function without the support of the Haitian people and Parliament.

The judicial reforms of 1995 — which must continue into 1996 — cannot succeed without the continued help of Haitian men and women, regardless of the amount of effort exerted to implement these reforms thus far. This is also true with regard to the security issue: It is difficult for the police to do their job if the Haitian people refuse to cooperate. Does Parliament no longer need the electorate's support? It does.

/It is clear from what we are seeing that this is essential. We must look at the situation and realize that popular participation is essential. The Haitian people did not lie down and close their eyes, quietly passing all responsibility onto the shoulders of elected representatives. They voted.

/The Haitian people hope at the beginning of 1996 that all elected representatives — starting with the president of the Republic, who was elected on 16 December 1990 — will continue to promote popular participation. There can be no real change in Haiti without this kind of participation, one that allows for dialogue between elected representatives and voters and between executive branch officials and citizens. The call for popular participation is basic to our existence. All of us — beginning with myself — must rally around this call./

The Haitian people have entered into a dialogue with Haitian legislators. People telling legislators of their reality will help the legislators lead democracy progressively, better, and further. It is nice to hear people's and peasant's organizations tell us as we draft the territorial communities law: Give us a chance to express our views on how the territorial communities law should be drafted. It is nice to hear that people are using the brains they used to circumvent many obstacles in the past to track legislative activities. People telling legislators what they think and legislators keeping in touch with their constituents means that the job is done together and progressively.

It is very difficult for a president to carry out his constitutional duties if he cannot hear — or if he chooses not to hear — the voice of the people. Senators, deputies, mayors, and CASEC members would drift further and further away from the populace without daily contacts. It would be very difficult to realize the noble virtues of or to promote Haiti as a nice country that we must build together under Article 109, which calls on deputies and senators to protect the rights of every Haitian citizen and to defend the Constitution. The article would serve as a pretty yet empty oath.

/I repeat: Popular participation is the call around which Haitians must rally. Popular participation should be promoted within every circle and at every level. It should cut across the executive, judicial, and legislative lines of power./

I truly believe that you will be even happier with the concept of popular participation when the regular session of Parliament opens next year. It is like a car making its way up a mountain: There is no way for that car to turn back. The past 200 years has left us with a broken country. I have said on more than one occasion that a mirror has been broken and that the Haitian people are trying desperately to pick up the pieces without cutting themselves. I repeat, despite the broken country and the difficult reality, that it is like a car making its way up a mountain: There is no way to turn back once popular participation is taken seriously — as we have begun taking it seriously — and propels us forward.

/Haiti's democratic process is irreversible. I maintain that it [words indistinct] an irreversible process. The Haitian people have proved during three years of coup d'etat that they are mentally prepared to enter into an irreversible democratic process./

No one needs to tell them that there is no turning back. They believe that turning back would be deadly. If they must die, they would rather die while moving forward. They want food; justice; freedom; a better life; a lower cost of living; and cheaper houses, schools, and hospitals. This is the vehicle of progress that we have been riding on for the past year. We use our ballots to say that we cannot turn back. There will be no darkness or death if popular participation helps to link the Haitian people to their elected head of state, prime minister, ministers, state secretaries, legislators, and judicial authorities.

This judicial system was not developed with the Haitian people's needs in mind. Justice is still not being served on the Haitian people the way that they would like. The Haitian people were squeezed into this system, as if it were a tight jacket or dress tailored to fit someone else. Stepping up contacts, dialogue, and exchanges between those seeking justice and those whose duty it is to administer justice and between victims and those whose duty it is to set the laws straight — that includes you, senators and deputies, who rewrite the laws — will help us along the path of democracy and benefit the brand of justice that popular participation will bring.

/The story is the same with the economy. Although our friends were willing to help us stage our elections, they do not seem as willing to help us boost our economy. We appreciate their efforts to point us in the right direction and to prepare us for economic change thus far. We are caught up in a geopolitical framework, with multinational corporations taking a hard look at us. Everyone in a democracy starts at the ground floor and builds up from there. The reality is that the market must be free and fair; once this is achieved, each country must defend its own economic interests without expecting economic gifts from others. Haiti must play by the rules of a free and fair market; Haitians must be encouraged to play an economic role in Haiti.

/Our private sector clearly has an important and historic role to play in boosting the economy. When I speak of the private sector, I refer not only to those living in the capital or in Haiti's major cities but also to those living off the countryside./ even though Article 247 of the Constitution has not yet led to true land reform. The farmers scratch the earth with their nails, water the soil with their sweat, and play a very important role in eliminating hunger. While they play their important role, we have the duty as Haitians [words indistinct] so all concerned economic actors, wealthy people who can invest and help create jobs while the government protects their rights. The Haitian people should not waste their time waiting for other countries to come and solve their economic problems because it is not going to happen.

Multinational companies will be more inclined to invest if they see that wealthy Haitians are investing in jobs, trades, and businesses and — I repeat — that the government is protecting the rights of wealthy Haitians as laid out in the Constitution so that they are assured that they can live in safety and with confidence. We will be on our way down the critical path to production once all of the players begin to participate. The economic players must act to ensure that the country is fed. Foreigners expect that every Haitian would like to be seen as dignified.

/In the name of the Haitian people, I call on all Haitians and all economic players: Those of you who have money can boost employment opportunities in both the private and public sectors. Let us join hands as Haitians. We must put our hearts and souls into reinvigorating our society. Any boost to our economy must be strong enough to restart production.

/Our Parliament can defend the rights of all citizens. Our political leaders know their jobs and their rights and are ready to revive a dying economy. Let us join hands, look each other straight in the eye, put the cards on the table, and play fair. Haitian men and women who play by the rules will one day be able to tell their fellow men and women abroad: The Haitian people can work on reviving their dying economy in 1996 without outside assistance. That is the message that I want all Haitian politicians to receive.

/We — Haitian men and women — need Haiti and politicians. Political struggles that leave the people aching for democracy must stop. Politicians must exercise tolerance. I call on those of you who participated and who are ready to participate: Let us join hands, look each other straight in the eye, work as politicians to restore confidence in those who know their responsibilities but need politicians and political parties to play the game of tolerance [words indistinct] here, in Haiti. We can all rally around the call for popular participation.

/I will close by reminding all of you — Haitian men and women — that we face a challenge when the international community withdraws. We will be able to meet this challenge insofar as now, now, now, now, we accept our role as citizens. The UN Mission in Haiti's mandate will expire very soon. Our friends in the international community will withdraw very soon./

How will we ensure that the flag of security continues to flutter? I have already ordered a review of the international community's work in Haiti for 1995. The review will tell us how Resolution 940 led to true disarmament.

The review will allow us to say: It pays to work alongside our friends in the international community in Haiti; they may do better, as it is never too late to do better and to do well. Although we continue to work toward this, disarmament is not yet reality. The benefits of disarmament must be attractive enough to enlist the Haitian people's support. The Haitian people welcomed U.S. troops with open arms in September 1994, hoping that their arrival would prompt Cedras, Michel Francois, and the other criminals to leave. They applauded. When the Haitian people realize that disarmament is a success thanks to cooperation between Haitians and foreigners, their smiles will be as luminous as the ones on the faces of the U.S. troops who stepped onto our soil.

/Those of us who are dutybound to defend national sovereignty and the rights of all citizens and who are in touch with geopolitical reality will certainly salute our friends in the international community. We want to move with them insofar as there is respect for all that was signed. Disarmament falls within the scope of the signed agreements, which forecast a bright future./

The Haitian people want to know how their work with the international community has gone and to comment on it. As a supporter of popular participation, it is only right that I should expect that the Haitian people will give their opinion on the work of the United Nations and of the friendly U.S. people in Haiti. The more I hear of what they have to say, the more I will embrace them. We want to move hand in hand with our friends in the international community to do as much good as the people want to have done.

I invite Haitians nationwide to open their eyes and comment. I invite them to walk with their elected leaders. One or two people cannot be left to defend this country. We must unite with friends who can help us. We must rise to this challenge. We must figure out where we are and where we are going.

I thank all of my friends in the 10th department — that is, those who do not live in Haiti — for sacrificing so much so that we could see in 1996. [applause]

I hope that this Parliament will one day permit those of you in the 10th department to enjoy all of your legal rights, as well as dual citizenship. You know how important a good police force can be. You know how the army was. I thank you for all the blood that you shed and for all the courage that you showed in efforts to break up the Haitian Army. I want you to know that Parliament must make a decision so that the work we have started can continue. Those of us in the executive branch who have done everything that we can to ensure that the Haitian people are allowed to have a Parliament thank you all. I repeat: We have started our work; we cannot turn back; popular participation is a must.

/The call for popular participation reminds me of our national motto: Union Makes Strength. The motto is echoed at this solemn moment, when we can work together to restart the country through popular participation and dialogue./ [applause]

We must walk together. The year 682 B.C. saw the elected magistrate in Athens entrusted with political power for the first time, when with Pericles in the Fifth Century B.C. we saw Greek civilization reach its apogee...[pauses] I assure you that we have nothing to fear about the future. There is no need to fear the future. The light of Haitian civilization is already shining. It shown particularly bright during 1995, when the Haitian people faced great sacrifice to ensure that elections would take place without any assurance that a better way of life was on the way. As the democratic process is irreversible, let us move with much faith in ourselves — Haitian men and women — let us move with the light of hope before us, let us move with pride and dignity. There is no way that our Haiti can remain where it is now; there is no way for our Haiti to go back. If we continue on the path of popular participation, we will arrive in the promised land known as the Haiti of tomorrow. Thank you. [applause]

Haiti: UNMIH Member Reportedly Killed by CARICOM UNMIH Member

PA1901234696 Port-au-Prince Radio Metropole in French 1700 GMT 19 Jan 96

[From the "Midday Newscast"]

[FBIS Translated Text] A Caribbean Common Market [CARICOM] soldier from the UN Mission in Haiti [UNMIH] shot at one of his colleagues for unknown reasons last night. This contingent was based in Les Cayes. The victim was struck by several bullets in the chest and head. In spite of efforts to save him, he succumbed to his injuries at about 0500 this Friday.

The soldier who shot at his colleague was immediately arrested, and a UN investigation has been opened. Spokesman Eric Falt said it is an unfortunate unprecedented incident within the UNMIH.

Let us recall that the UNMIH has had very limited losses in comparison with other UN missions, according to the explanations of Falt, and until now there has been only one death from sickness, two accidental injuries, and an international policeman, a French gendarme, who was seriously injured by armed strangers.

Aristide To Visit Cite Soleil After 17 Jan Incidents

PA2001003596 Port-au-Prince Signal FM Radio in French 1130 GMT 19 Jan 96

[From the "Waking Up" newscast]

[FBIS Translated Text] Outgoing head of state President Jean-Bertrand Aristide is being Mr. Good Offices this morning. The president is to visit the inhabitants of Cite Soleil today, we learned from a source close to the presidency. Jean-Bertrand Aristide will try to appease the furor of the portion of the Cite Soleil population that is involved in litigation with the national policemen, the same source explained.

Anyway, the atmosphere was still fearsome in Cite Soleil yesterday. More than 48 hours after the upheaval that caused — you remember — one death and seven injured, including two policemen, the tension did not ebb yesterday — or rather the day before yesterday — when policemen and journalists who wanted to inquire about the situation were refused access to this shantytown. They got into trouble with some inhabitants who are still in a state of shock after Tuesday's incidents, which matched them against the policemen.

The reporters who obstinately persisted in entering the area on the afternoon of 17 January in order to collect further information saw their materials confiscated by inhabitants of the area, who stated that they did not want to negotiate with anybody for the moment.

Anyway, one of the biggest demands of those people was for a National Palace official to visit the scene. Today, Haitian head of state Jean-Bertrand Aristide decided to give satisfaction to these Cite Soleil residents. He has proposed to go personally to Cite Soleil to meet and talk a little bit with those people in order to try to appease the tension that reigns and still remains strong in Cite Soleil, the main shantytown in the capital.

Haitian Radio Reports on Pro-Toussaint Demonstration 19 Jan

PA1901234596 Port-au-Prince Radio Metropole in French 1700 GMT 19 Jan 96

[From the "Midday Newscast"]

[FBIS Translated Text] Supporters of Dany Toussaint demonstrated at noon today in front of the former premises of the Interim Police in Champ de Mars. They were demanding Dany Toussaint as director of the National Police, and burning tire barricades were set up at the scene.

It should be recalled that Dany Toussaint resigned this week from his post as director of the Judicial Police, a function he had occupied since the government's decision to integrate the latest elements of the Interim Police into the National Police.

Mexico's Secretariat: Communique on Winning NAFTA Dispute

PA2201033596 Mexico City NOTIMEX in Spanish 0008 GMT 22 Jan 96

[FBIS Translated Text] Mexico City, 21 Jan (NOTIMEX) — The first NAFTA dispute panel has favored Mexican exporters by ordering the return of the deposits national leather companies had paid.

Mexico's Secretariat of Commerce and Industrial Development (Secofi) stated in a communique that after winning the commercial dispute, the U.S. Department of Commerce ordered the Customs Service to return the deposits Mexican leather companies had paid.

The dispute began on 24 August 1994 when the U.S. Department of Commerce decided to establish a 13.35 percent compensatory tax on leather clothing exports. This tax resulted in the first dispute to be presented within the framework of NAFTA under Chapter 19 of that commercial agreement under the argument that the parties had not been informed, which prevented them from assessing the convenience to make the above sales.

The panel decided on 11 April 1995 that the U.S. Department of Commerce had not carried out its notification process correctly, it added.

On 11 January 1996, the U.S. Department of Commerce amended its original resolution, establishing a margin of zero benefits and ordering Customs Offices to return the payments made for the compensatory tax.

According to the U.S. Department of Commerce, leather clothing exports from Mexico to the United States reached $8.66 million, but the figure in the hands of Secofi is $6.61 million.

Secofi concluded that it will continue to work with Mexican exporters of merchandise threatened by commercial barriers in the United States so they can exert their rights under NAFTA and the World Trade Organization.

Mexican Agricultural Producers Reject U.S. Measures

PA2201025596 Madrid EFE in Spanish 0325 GMT 19 Jan 96

[FBIS Translated Text] Mexico City, 19 Jan (EFE) — Mexican agricultural producers today rejected the U.S. Government's unilateral measures to prevent the first tomato exports to that country. These measures would represent the first violations of the Free Trade Agreement (FTA).

Jorge Mazon, president of the National Agricultural Council [CNA], said the sector fully supports Mexican tomato producers in the start of consultations that began today in the United States regarding this dispute.

Mazon recalled that Washington announced on 14 December its intention of modifying accords on Mexican tomato exports to change the weekly tariffs and quotas rather than the season tariffs and quotas established by the FTA.

That same day the Mexican Government enforced the mechanisms for the solution of disputes, as foreseen in the FTA, by requesting consultations with the northern neighbor to clarify the U.S. Government's intentions.

The leader of the Mexican farmers said the United States is also trying to impose the utilization of packing used by Florida producers as a condition to accept Mexico's tomato exports.

Likewise, the U.S. Government will sponsor legislative changes to establish a protection measure given the increase in Mexican exports, Mazon said.

The CNA leader said a request for protection, due to damages to U.S. tomatoes, was sponsored in early 1995, but it was rejected as inadmissible during preliminary discussions by the International Trade Committee, the country's investigation authority.

The leader of the Mexican farmers said: If these measures are enforced, they would violate FTA Article 30, which states that products from any of the FTA signatories will be treated as national produce.

He said: "It would also violate Article 302, which states that the assignment of import quotas should have no restrictive trade effects beyond those derived from the implementation of a tariff quota."

Mazon warned that if such violations are accepted, "this would establish a precedent for unilateral actions outside the treaty, sponsoring protectionist plans in favor of noncompetitive sectors."

The leader said: Hence, the CNA has urged Mexico's production sector, "which has trade ties with the U.S. production sector, to reject these protectionist measures" and state its position in the consultation process which began today, Thursday.

He said pledges acquired in the FTA "are not subject to negotiation," so he requested "full compliance" with the same and demanded that the government "firmly defend" these principles.

Although the treaty was signed in 1993 to sponsor trade freedom, in Mexico's opinion, Mexican producers have been subject to a series of trade and custom barriers from the U.S. Government.

Simultaneous to the U.S. attempt to obstruct Mexican tomato exports, U.S. Secretary of Transportation Federico Pena stated Washington's intent to curb the border's opening to cargo transportation by Mexican trucks "until consultations conclude" with Mexico's authorities.

The United States' plans provoked immediate reaction from the Mexican Government, which resorted to FTA consultation mechanisms to state its protest.

Mexican Confederation Wants Migration Talks Within NAFTA

PA1901141196 Mexico City LA JORNADA in Spanish 16 Jan 96 p 10

[By Matilde Perez]

[FBIS Translated Text] Carlos Abascal, president of the Employers Confederation of the Mexican Republic [Coparmex], has recognized that "many critical points have not yet been settled" with regard to relations with the United States. He said: A special chapter on migration should be opened within the NAFTA framework. Abascal said that while Coparmex opposes any action that involves any kind of attack on the people, every country is entitled to protect its borders and its people's work and to manage its migration and population centers. He reaffirmed during a short interview at the opening of the 1996 U.S. Food and Drink Festival that "extremes should be avoided" in Mexican-U.S. relations and that the United States should demonstrate its political willingness to settle the migration issue because it affects all. He also said that the three fundamental points on which the negotiations should focus are: Meeting development expectations, respecting absolute and unquestionable human dignity, and considering the nations' right to manage their migration and population centers without going to extremes. Abascal said that the call of some Institutional Revolutionary Party members to change the current socioeconomic order "should be considered carefully. However, there is no sense talking about this any further since no alternative to the current order has been proposed."

Mexican Government May Have Influenced U.S. Migration Policy

PA1901135396 Mexico City LA JORNADA in Spanish 18 Jan 96 p 14

[By Angeles Cruz]

[FBIS Translated Text] The Party of the Democratic Revolution [PRD] demands that the Mexican Government confirm whether government officials helped the United States formulate its migration policy. It must also impose the proper sanctions if, as U.S. authorities have claimed, "the Mexican Government approved military surveillance at the border with Mexico." It described the Foreign Relations Secretariat note on this as coming late and insufficient, since "only the empire's arrogance and the Mexican Foreign Relations Secretariat's cowardice can explain the fact that the border between two NAFTA partners is being militarized with walls and bars."

The PRD National Executive Committee statement said that Rahm E. Imanuel, who is responsible for U.S. immigration affairs, told NSC that the Mexican Government had approved these recent measures.

The PRD leadership criticized various immigration programs — including the Inland [Tierra adentro] program, which calls for the compulsory return (at U.S. expense) of immigrants to their places of origin — and messages broadcast from that country into Mexico dissuading people from crossing the Bravo River in search of jobs.

The PRD leaders recalled that the PRD's demand during the NAFTA negotiations that a social and migration chapter establishing the human and labor rights of migrant workers and their families be included in the NAFTA text was ignored.

Mexican President Urges PRI Militants To Maintain Unity

PA2201025996 Mexico City NOTIMEX in Spanish 0120 GMT 19 Jan 96

[FBIS Translated Text] Mexico City, 18 Jan (NOTIMEX) — Mexican President Ernesto Zedillo today urged the militants of the ruling Institutional Revolutionary Party (PRI) to maintain unity founded on open, democratic norms and practices.

During the celebration of the ruling party's 50th anniversary, President Zedillo said this political organization will have to change in order to compete better and also to win.

Zedillo said his party will be able to maintain its unity, rescue its strength, rebuild its popular support, and win the democratic challenge. The president added that the PRI will succeed in this endeavor, because the economy will recover and will reach the growth rate the country needs.

"We will achieve this objective, because we will strengthen the state of law and guarantee the prevalence of justice and because we will answer with determination the people's demands and will resolve the social needs efficiently," he said.

The president said attention will be focused on ensuring that every official will dignify public administration with a demeanor strictly in keeping with the law, rigorously honest in the management of resources, and invariably humble, trustworthy, and austere.

Zedillo said his government is and will continue to work for all, without differences or privileges, without preferences or exclusions, because the PRI followers will be at the vanguard of the reform of the state and the democratic development.

He said those who think the PRI is an inert and weak party are making a serious mistake, because one thing is to acknowledge that adverse circumstances have entailed an inevitable cost to the party and another is to accept that this is irreversible.

In the "Plutarco Elias Calles" Auditorium at the PRI National Headquarters, the leader said that by no means do the militants reject the history of their party, because they are neither blind to the party's blunders nor do they see with self-satisfaction the work done.

"We are the first ones to want self-criticism to be expressed without restrictions, and we know how to take advantage of it not to punish ourselves or please our adversaries but, rather, to learn from history and the party's accomplishments to overcome limitations and to correct flaws."

The executive warned that "only naivete, distorted information, or even misrepresentation by our enemies can assume that there is disagreement, estrangement, and even divorce between the PRI and the president that emerged from its ranks."

"Those who see disagreement of principles and objectives in the plurality of ideas, those who see division in free criticism, and those who confuse open debate with dissent, perhaps because of their own experiences in other places, are mistaken," he said.

The president stressed to governors, secretaries of state, deputies, senators, and party leaders that as the PRI promoted political modernization in the past, it will now be at the vanguard of the reform of the state.

He said the reform being promoted by his government, which the country's leading political forces are reviewing, will seek to renew judicial norms, practices, and institutions so as to ensure the effective, republican balance among the government branches.

In addition, the government will seek a reform of the state that promotes a new federalism for an open and law-abiding public administration to achieve the full democratic development that guarantees equitable rules and conditions for competition.

Zedillo admitted the first year of his administration had been one of the most difficult years in his country's modern history, as his government had faced serious economic and financial difficulties and events that had put the laws and the institutions to the test.

He clarified, however, that he has not hesitated in light of each challenge to make the decisions that best suit the national interests and that are in keeping with the party's postulates.

"Each decision, regardless of how serious it might have been, has been adopted without eluding the responsibility it involves. Each decision has always procured the prompt and effective solution of the crisis and has sought to achieve the results society demands," he said.

[Madrid EFE in Spanish at 2113 GMT on 18 January transmits a related, 500-word, Mexico City-datelined report citing President Zedillo as saying to hundreds of PRI deputies that "he will not modify his economic policy and that the government strategy to confront the crisis has yielded positive results." The report also cited Zedillo as saying "it can be assured without fruitless boasting that the government made the correct decisions and that the economic crisis will be overcome soon." The report adds that "in an unusual move, 255 PRI deputies asked for a redefinition of the economic policy to overcome the crisis that erupted in December 1994 and demanded that the technocrats be removed from the government."

Mexican Deputies Welcome PRI Proposal Banning Favoritism

PA2001003696 Mexico City Radio Red Network in Spanish 0000 GMT 19 Jan 96

[Report by Enrique Munoz; from "The Night Monitor" newscast]

[FBIS Translated Text] The proposal by the majority of PRI [Institutional Revolutionary Party] deputies to ban hand-picked appointments and political favoritism from their political party has been well-received by opposition legislators. First, we have Deputy Jose Ortega, coordinator of the PRD [Party of the Democratic Revolution] faction:

[Begin Ortega recording] I believe we should not ignore this attitude and behavior by PRI deputies and instead, we should value it. It seems significant that after what they said they have taken action and changed their internal behavior into a democratic practice. This will help the country's democratic development. Many times we have insisted, as part of state reforms, that it is essential that the PRI become an authentic political party and not an office for presidential candidacies.

If PRI members are consistent and put into practice their opposition to hand-picked appointments and their opposition to the president choosing the candidates, I believe this will contribute to the development of their own party. I believe it will contribute to helping place limits in Mexico on the president as chief of the ruling party. [end recording]

PRD Senator (Auldalico Hernandez Jeronimo) welcomes the PRI proposal.

[Begin (Hernandez) recording] It is refreshing to learn that there are people who are members of the ruling party who can be saved and that not everything is lost and that not everyone is part of a political scandal or involved in corruption. There are still people who think and realize that this system has to be changed. [end recording]

For Ricardo Garcia Cervantes, coordinator for the PAN legislative bloc in the Chamber of Deputies, the PRI request to distance their party from favoritism and handpicked appointments is to admit that the old system is worn out.

[Begin Garcia recording] First, it is the recognition that the old Mexican political system was based on mutual interests, on the subordination of people to economic interests and group interests, and people who perceive power as being an opportunity to serve oneself and not just serve. This seems very significant to me that there is a recognition that the old political system is worn out, and thus new ethical rules for national politics are needed. [end recording]

Mexico's PRI Backs Down on 50 of 60 Points After Workshop

PA2201025496 Mexico City LA JORNADA in Spanish 17 Jan 96 p 16

[Report by Salvador Guerrero Chipres]

[FBIS Translated Text] After a year of discussions, meetings, and a near consensus, the Institutional Revolutionary Party [PRI] has decided to back down on 50 of the 60 points that resulted from 12 months of work in the Chapultepec Castle Workshop, which party leaders, specialists, and social organization representatives have attended.

Civic counselors Santiago Creel and Jose Agustin Ortiz Pinchetti have confirmed the PRI's position but have refused to give further details "because of the delicate nature of the issue." They have announced that "the direction has been passed to the political parties" to continue making recommendations for political changes. Creel and Ortiz Pinchetti have disclosed that they will present the document that includes these conclusions at the conference convoked by the committee for electoral reforms. They have said they would contact the governor's office to express their opinions directly to the governor.

Even Santiago Onate Laborde, president of the PRI National Executive Committee, had said he was willing to promote the agreements. A letter dated 6 January, signed by PRI representative Enrique Ibarra, reverses this apparent willingness and expresses, in general terms, the PRI's refusal to endorse the work of the workshop.

The Party of the Democratic Revolution [PRD] representative, Ricardo Valero, the National Action Party [PAN] representative, Humberto Aguilar, and the Labor Party [PT] representative, Eduardo Guzman, have endorsed the document in general. They have promised to continue trying to convert the recommendations regarding the independence of electoral organizations, equal access to the media and to financing prerogatives, coalitions, joint candidacies, the ban on the use of public programs for electoral purposes, and the redistricting, among other issues, into political agreements and laws.

The only party representative absent was the PRI representative at a news conference called by the organization created by the civic counselors who took the initiative in promoting a definite electoral reform proposal after the 1994 elections.

During the presentation, in the Anthropological Museum, Jaime Gonzalez Graff, a civilian counselor, affirmed that this time was not the moment to "haggle over the efforts" to achieve the reform: "This time is not the moment to seek the paternity of the reform. The change belongs to all of us as a society."

Gonzalez was not alluding explicitly to the PRI but, rather, to the effort in discussing 150 issues from which there emerged the 60 points for the electoral reform./

Ortiz Pinchetti has said "the party in power" is faced with a society that no longer accepts authoritarian methods and is eager for changes that will allow it to participate and be given mature answers.

Ortiz Pinchetti emphasized the "unusual" nature of the workshop, because for the first time the work was based on a strategy that seeks agreement between protagonists who were coparticipants in the same process.

Ortiz Pinchetti gave "testimony of the generosity" of the PRI, PAN, PRD, and PT but warned: "There is resistance by very conservative groups in the heart of Mexican society and in political organizations."

Ortiz Pinchetti also said: "The processes, even though real, are insufficient" although there is progress in freedom of speech, the dismantling of the structures opposed to change, and a judicial reform in progress, and, in addition, a proposal to create an organization to oversee the government.

Ricardo Valero said his party had hoped a number of commitments would have been presented instead of many conclusions. He proposed that the document be presented during the electoral board meeting in the governor's office on Wednesday.

"By this action we will affirm every point in the agreement, although this does not mean our suggestions were accurately included," Valero said.

Humberto Aguilar, who will resign as PAN assistant secretary general to assume the mayor's office in Puebla, said his party "will continue supporting any labor, forum, or effort for democratic progress. The PAN endorses the substance and spirit of the document."

Gonzalez Graff, as the rest of the counselors, commended the participation of the PRI and the other parties. Pinchetti warned that political reform is "inconceivable without the PRI," and Creel said "I do not know why they did not come." Pinchetti said, however, they had sent "a very nice excuse."

Mexico's Coparmex President: APRE Working, Advancing Well

PA2001012996 Mexico City LA JORNADA in Spanish 18 Jan 96 p 45

[Report by Jesus Moreno Durazo]

[FBIS Translated Text] Hermosillo, Sonora, 17 Jan — Carlos Abascal, president of the Employers Confederation of the Mexican Republic (Coparmex), has stated that the different components that constitute the Alliance for Economic Recovery [APRE] have worked, including the areas pertaining to tax incentives to create jobs, the structural revision of the economy — in which the government promised to deregulate the economy, reduce government expenses, and carry out tax and retirement system reforms — are advancing well because the government has been fulfilling its promises.

Abascal pointed out that individual negotiations with companies are in progress to revise salary contracts and establish production plans, although results have not yet been obtained.

Abascal spoke in favor of changing the current "amorphous," centralized, and dictatorial, economic system — which does not favor regional development — for a free market economic system that includes social responsibility.

In addition, Abascal urged modification "of an undemocratic, and centralist, political system with a very poor federal alliance that does not favor regional development, for an authentic participative democracy."

Abascal insisted that "APRE has not only suceeded, but that we must demand its completion because many of its components are essential in establishing the groundwork for the development of the economy in 1997," and he recommended that two areas, inflation and minimum wages, be closely watched.

ARE Says Mexico To Maintain Current Economic Policy

PA2001025796 Mexico City NOTIMEX in Spanish 0250 GMT 18 Jan 96

[FBIS Translated Text] Mexico City, 17 Jan (NOTIMEX) — The Alliance for Economic Recovery (ARE) has said Mexico will maintain its current economic policy because it has been fundamental in overcoming the crisis and will be important to reach a new growth stage.

ARE spokesman Alejandro Valenzuela told reporters that $12.5 billion in support granted by the U.S. Treasury has been used, of which $700 billion has been paid off, and $7.5 billion more is available. [figures as received]

The ARE is an agreement signed between the business, labor, and public sectors.

In the same conference, Javier Gavito, vice president of the National Banking Commission and the National Securities Commission, announced that in March, at the latest, the purchase of Bancomer's and Banca Confia's overdue loans would be carried out by the federal government.

Gavito pointed out that negotiations to begin the financial improvement of the two credit institutions are very advanced.

Gavito said that thanks to the federal government's support of the banking system, the growth of overdue loans has been stopped.

Mexican Employers Confederation Analyzes Apre

PA2201025196 Mexico City EL FINANCIERO in Spanish 17 Jan 96 p 21

[Report by Leticia Rodriguez Lopez]

[FBIS Translated Text] The federal government must undertake a comprehensive effort to make its organizations more efficient, because the current spending of the public administration was only reduced by 2.8 percent, but the allotment for personnel services rose by

3.4 percent, the Employers Confederation of the Mexican Republic (Coparmex) has stated.

According to Coparmex, six commitments of the Alliance for Economic Recovery (Apre) must be fulfilled this year, including the preparation of a fiscal framework offering permanent and effective incentives to savings and production investment, as well as a reduction of tax rates to benefit workers and businesses.

In an analysis of the Apre, Coparmex has established that what is actually missing is the implementation of a single system for recording transactions at the federal and state level, in addition to a profound deregulation.

The structural reform for strengthening the private sector's participation in the generation of electricity and the revising of public administration organizations represent other important commitments that must be fulfilled this year.

The business organization, led by Carlos Abascal Carranza, has stated that spending allotments in the 1996 federal budget will be monitored, given that they relate directly to Apre compliance.

It has stated that the commitment to maintain the free currency exchange flotation system has operated effectively, with slight interventions from the Bank of Mexico. He added this is called a "dirty flotation" system in accordance with the country's financial situation.

The group has stated that the initiatives to modify the Civil Code, the Civil Procedural Code for the Federal District, and the Commerce Code to expedite judicial procedures are still pending.

Coparmex has warned that the excessive regulations represent one of the factors that increase the "country cost" making it necessary to turn things around so as to increase productivity and international competitiveness.

Consequently, the business group has stated it is important that the steps and measures included in the decree published on 23 November 1995 to change the regulations on the establishment and operation of businesses be implemented. It is equally important that the "profound deregulation" become a reality this year, Coparmex added.

For fiscal policy to become a permanent instrument bolstering economic growth, Coparmex believes that companies' tax burden must be reduced, that the tax base must be increased, and that current spending and the government size must be reduced.

CEESP: Foundation of Mexican Economic Recovery Not Strong

PA2201025396 Mexico City LA JORNADA in Spanish 17 Jan 96 pp 60, 46

[Report by Patricia Munoz Rios]

[FBIS Translated Text] The Private Sector Economic Studies Center (CEESP) has claimed that the foundations for an immediate economic recovery "are not strong yet," because the country is still confronting a period of macroeconomic instability and vulnerability that will delay the expected reactivation.

In its report entitled *Basic Information for Decisionmaking* of December 1995, the CEESP has stated that the accumulation of the country's international reserves "is insufficient to support economic recovery in the short term."

In addition, CEESP believes that the Bank of Mexico's recent participation in the exchange market reveals its intention to prevent the peso from surpassing the exchange rate of eight pesos per dollar. "This will make it necessary to retrain liquidity during the first months in 1996 and will therefore slow down economic recovery."

The use of this CEESP report is restricted. According to this report, "certain emerging signals are leading the economic program into a new direction" and the trends hint that the exchange rate will be fairly stable, but the CEESP did not reject the possibility of occasional pressures on the peso.

The CEESP has argued that the country is gradually recovering its stability, but the vulnerability of the macroeconomic balance has not been fully eliminated. Meanwhile, certain elements of uncertainty will remain in the short term, within the next two or three months, and could affect the results that have been reached.

Some of these negative elements are: The recent behavior of monetary instruments [agregados monetarios] and inflationary pressures as well as their effect on the trends of interest and exchange rates.

In this regard, the CEESP has underscored that liquidity increase registered in late 1995 was not supported by the accumulation of net international reserves. For this reason, there were pressures on the exchange rates; in other words, it was evident that the accumulation of international reserves was still insufficient to support economic recovery.

Moreover, the CEESP added that inflation levels together with the revision of wages, prices, and public utility rates "allow us to foresee an inflationary upsurge, a bubble, at least during December and January."

According to the CEESP, the positive points of the economy include the following highlights: The successful placing of government, business, and bank debt on the international markets; this year's proposed investments; the October 1995 drop in the open unemployment rate, and a 97.6 percent coverage of Tesobonos [Treasury Bonds].

The CCESP has warned, however, that it is important to watch out for any situations that might trigger consumer inflation as was experienced during the last two months of 1995. These inflationary pressures arise as a result of a higher liquidity and shifts in the parity, given that producers of final goods who in the past were unable to pass on most of their production cost increases to consumers have now made these adjustments.

Expecting even higher costs because of changes in energy costs and salaries and in order to avoid further lags or major losses, many companies have decided to set new prices despite depressed demand.

The CEESP study assures, therefore, that inflation forecasts are higher in December and January than in November and that prices will fluctuate wildly again in April and May after a February and March interval.

The study explains that minimum inflation has been set high for the next five months and will influence the determining of important variables, mainly interest rates and the exchange rate.

In addition, the decision to promote growth during the first months of 1996 by executing the public investment expenditures budget, among other measures, could generate a demand by the productive sectors for financial resources and foreign exchange, which the economy will be able to meet during the short term.

The study states that the liquidity of the banking system is at a low level because of the failure to attract savings and that an upsurge in the demand for loans would have to be countered by price rationing; that is, higher interest rates, which could restrict the growth that is sought.

The CEESP also notes that a quick recovery in the economy would require a larger amount of foreign exchange to buy imports, for which, again, there are insufficient resources and which would prompt instead a realignment of the parity and the return of inflationary and interest rate pressures.

The possible economic recovery should proceed slowly, with the idea of rebuilding peso and foreign currency assets. In both instances, interest rates will be handled in a sustained manner over the coming months, beyond current levels.

The document concludes that a consistent and lasting reduction in interest rates will depend on controlling inflation and building up savings and international reserves.

Two Mexican Banks To Receive Government Assistance

PA2201010796 Mexico City Radio Red Network in Spanish 0000 GMT 18 Jan 96

[Report by Antonio Guzman from "The Night Monitor" newscast]

[FBIS Translated Text] Ten banks so far have reportedly received assistance from authorities through the Savings Protection Banking Fund (Fobaproa) to maintain their levels of capitalization required to continue operating and also to alleviate the pressure of overdue loans.

During the news conference on the progress of the Alliance for Economic Recovery (Apre) on 17 January, Javier Gabito, vice president of the National Banking and Securities Commission [CNBV], announced that before the end of the first quarter of this year Bancomer [Bank of Commerce], the country's second largest bank, and Banca Confia will join the group of banks receiving government assistance to maintain adequate levels of capitalization:

[Begin Gabito recording] We will conclude in this quarter additional processes of this kind with Bancomer and Banca Confia. Under this program, their loan portfolio will be purchased depending on the capitalization or the additional capital that banks contribute. These banks will administrate this loan purchase at no cost to the government. We will take steps to ensure that this mechanism has the appropriate incentives to begin collecting this loan. [end recording]

Javier Gabito said this process will be carried out through a mechanism that will guarantee the collection of the loan portfolio. This mechanism will allow the government to recover the money it will contribute and does not represent an additional outlay.

It was learned that 84 billion pesos have been channeled up to today to support banks through this mechanism so as to maintain their levels of capitalization.

Javier Gabito also said no intervention of any bank due to internal problems or the granting of special assistance to banks is planned for this year. He said this capitalization process is simply under way for Bancomer and Banca Confia. He said Banamex [National Bank of Mexico] may also be included under this program in the future but did not provide any further details.

Meanwhile, Apre spokesman Alejandro Valenzuela has affirmed that despite the criticism from certain sectors regarding the economic program, it will continue to be in effect, because it has been key in the adjustment period and will also be in the growth period.

Alejandro Valenzuela has said that the program will continue in effect, adding that evidence of this is that evaluation meetings will be held biweekly to discuss and harmonize the positions certain sectors maintain. He has cited the example of the request made by CTM [Confederation of Mexican Workers] leader Fidel Velazquez, in the sense that Apre has died due to its excessive support for the business sector.

Meanwhile, Alejandro Valenzuela has said regarding money laundering investigations that Mexico is working in a constant and coordinated manner with other countries. He has said that no result of progress can be disclosed at this time because authorities do not have conclusive evidence and that investigations are also continuing. Providing additional information in this regard, Valenzuela concluded, may block the investigation process.

Mexico: 'Narco-Plane' Said Aided by Authorities

96WB0016A Mexico City PROCESO in Spanish
11 Dec 95 No 997, pp 34-35

[Article by Felipe Cobian]

[FBIS Translated Text] Baturi, Baja California Sur—At 0430 hours on Sunday, 5 November, the 15 families in this settlement were awakened by the sound of a loud explosion causing the earth to tremble and their houses to shake.

Before dawn, most of the residents went to find out what had happened. From a distance, they observed smoke and flames rising to a great height on the dry estuary, approximately five km from here.

They approached as close as they were allowed by some men dressed in black, with knitted caps, and oval metal shields attached to their belts. Armed with "banana clips," they had binoculars dangling from their necks, and also carried powerful intercom equipment. The initials displayed on their uniforms were: PGR [Office of the Attorney General of the Republic] and PJF [Federal Judicial Police].

The residents clearly discerned the skeleton of a large passenger airplane burning on private property adjoining the Meliton Albanez Indian community, in the dry bed parallel to La Pastora beach, owned by the brothers Guillermo and Antonio Salgado Mendoza. The former is director of the state's government and civil protection.

After having witnessed the preceding, Felipe Aviles, Baturi's deputy municipal agent, in charge of the community's radio communications system, called the Municipal Police commander at 0730 hours, to report to him.

At a distance of 50 km south of Baturi, in the Todos Santos Municipal Agency, Commander Francisco Javier Cosio Nunez claims to have received the message "about 0840 hours." He says that he immediately conveyed it to his superiors in the municipal capital, La Paz, also the state capital, situated 85 km to the northwest.

Cosio Nunez relates:

"After I informed the State Judicial Police, who are stationed here, I went to Baturi with my men. However, when we were about three km from the plane crash site, five or six policemen (because there were several in a van with polarized windows), carrying "banana clips" and other long-range weapons, and wearing black uniforms with PGR and PJF insignia, halted us. They said: 'Everything is now under the control of the Federal Judicial Police; we have already notified the Army.' From a distance we saw a large plane burning, but were unable to approach. They told us to leave."

He reports that, on the trail between Baturi and the clandestine airstrip, they found a "Bronco" truck without any occupants, which later disappeared. In Cabo San Lucas, however, it was claimed to have been taken to a "chop shop," where they dismantled it.

By Tuesday, 7 November, no one had notified the Army nor the Navy detachment stationed in Todos Santos. Not even the Municipal Police commander who had received the message did so.

It Was a "Narco-Plane"

The aircraft that had been burning since dawn was a Caravelle plane that had arrived from Colombia and landed in the dry bed shortly after dusk on Saturday, 4 November. Based on reports provided to the PROCESO correspondent by several eyewitnesses to the incident, he was able to reconstruct what happened afterward:

During that night, between 15 and 20 uniformed persons (some claim that there were over 40) unloaded at least 15 tons of cocaine, sent by the Cali cartel to Tijuana drug traffickers.

Men who had arrived in several late-model trucks (pickups, Cherokees, Broncos, and Suburbans) were waiting for the plane's arrival. According to the witnesses, they included Federal Judicial Police agents.

Upon landing, presumably between 1900 and 2100 hours (Pacific time), that Saturday, 4 November, the plane's tires were flat and its landing gear damaged. When the drugs were unloaded and transferred to two large and several small trucks, those men exploded the aircraft.

Several persons who accidentally came across the trucks claim that the cocaine shipment left by land and sea for the United States at about 0500 hours, escorted by several vehicles. One of the Baturi residents who, like all the others, asked to remain anonymous, reports: "They were heading north at that time, whereas it is not normal for freight trucks, either trailers or flatbeds, to travel toward La Paz, but rather in the opposite direction; because they are carrying loads to the south, toward Todos Santos, and especially to Cabo San Lucas and San Jose del Cabo."

Over 24 hours after the landing, very late on the morning of Monday, 6 November, the agents who had remained near the plane wreckage used power shovels and backhoes to move the twisted metal. On the dune separating the estuary from the sea, they dug a large pit and buried the remains there.

The soldiers from the 68th Battalion, with headquarters in La Paz, did not reach the site until Wednesday, 8 November, when they began digging up the plane. A platoon is still on the site.

With Official Protection?

The commander of the Baja California Sur Judicial Police detailed in Todos Santos (a Pacific Coast town of approximately 4,000 inhabitants), Isidro Salvatierra Marquez, when interviewed at his office, says that he received a report from the Municipal Police chief "about 0900 hours," and left for Baturi with one policeman.

"When we reached there it was nearly 1030 hours, because we took a longer route. Before arriving, we were met by some federal agents carrying PGR 'eggs' (license plates), and wearing black uniforms, some with the initials DEA [Drug Enforcement Administration]. They told us that everything was under control. We returned, and remained here all day."

According to Salvatierra Marquez, he was in contact with the Judicial Police Directorate and the State Attorney General's Office, in La Paz.

The reporter asked: "Why didn't you inform the Navy detachment stationed in Todos Santos?"

"I forgot; I did not think of it. They came here too, complaining to me and asking why I did not notify them."

Meanwhile, a group of community residents interviewed in this settlement reported that five of their companions were taken into custody, without arrest warrants: "They told us that we were drug traffickers, and that we had to go and make a statement."

The residents added that, about five to seven years ago, a plane dropped packages of cocaine all over the beach, which later fell into the water. "A boy from here, named Raul Camacho, who did not even know how to read or write, picked up one package and kept it in his house just out of curiosity. When the Federal Judicial Police arrived, they arrested him, and he is still in jail, without anyone pleading his case. He is no 'narco,' but just a poor man whom they refuse to release because there is no one to defend him, not even his former boss, who is a college graduate."

The municipal deputy agent, Felipe Aviles, in a separate interview, revealed that most of the dry estuary belongs to the Salgado brothers, "influential people who work for the government (Guillermo is director of government and civil protection), and who are involved in newspapers, radio, and television."

Aviles is also certain that there is or was collusion on the part of the authorities because, besides the fact that the State Judicial Police arrived too late, "they did not report to the Navy detachment in Todos Santos. The Judicial Police were obliged to notify it first."

According to witnesses, the trucks loaded with cocaine were driven to the highway (over 30 km from here), possibly heading for the Gulf of Cortes; and the drugs, or part of them, may have been put aboard ship at Los Barriles, Punta Pescadero, or Buenavista.

Sebastian Romo, who was municipal agent in Cabo San Lucas until a few days ago, thinks that, to carry out operations of this magnitude, the drug dealers must have official protection, from both the federal and state governments.

Springboard for Drugs

According to Francisco Araoz, from the newspaper PENINSULAR, owing to its extensive, uninhabited territory, the lack of radar at the La Paz and Los Cabos international airports, and the existence of 500 clandestine runways, many of them natural, Baja California Sur is a favorable area for the passage of drugs to the United States.

He claims that the airplane could belong to Jossie Labra, a presumed drug trafficker operating from Colombia but settled in this part of the country. Labra is an associate of the Arellano Felix brothers, chiefs of the Tijuana cartel.

According to the reporter Francisco Martinez de Jesus, from the Los Cabos newspaper TRIBUNA, Labra maintains his centers of operation on the border with Tijuana, Baja California, and Sonora.

In view of the evidence that PJF agents might be involved, the Attorney General's Office, as a first step (although it was not taken until 24 November), removed all the personnel that it had assigned to the now strategic district of La Paz. They were headed by the deputy agent, Juan Carlos Castro Sosa, who, incidentally, showed up in Baturi two days after the landing.

Nevertheless, agent Jesus Solorzano has remained in his post until now. But press circles do not predict a much longer stay for him in that capacity, and it is also rumored that he might be "summoned" to Mexico City.

The Federal Highway Police regional commander, Jose Angel Lamadrid Bazilla, has not been removed from his post either (it is not known whether he is subject to investigation). According to sources in La Paz, personnel under his orders and those subordinate to an officer with the surname Arozti were in charge of the operation on the highway, after the Caravelle landing.

Between 1994 and 1995, there have been three cases similar to that in Baja California, in which large planes carrying cocaine also landed in Sombrerete, Zacatecas; Bahia de Kino, Sonora; and Lagos de Moreno, Jalisco.

Mexico: Drugs Seized After BCS Shore Gun Battle

96WB0016B Mexico City EXCELSIOR in Spanish 6 Dec 95 p 35-A

[Article by Rafael Medina and Roberto Melendez]

[FBIS Translated Text] Yesterday, personnel from the National Institute To Combat Drugs [INCD] detailed to the State of Baja California Sur [BCS] intercepted two vessels on beaches in the towns of San Nicolas and San Sebastian carrying over 16 million new pesos' worth of packed marijuana. The seizure took place after an intense gun battle in which one presumed drug dealer was killed and two others wounded. Also, in Sonora and Durango, Federal Judicial Police agents confiscated 33 kg of cocaine base and opium gum worth approximately 300 million new pesos.

Reports provided by the INCD, headed by commissioner Rene Paz Horta, state that, through land, sea, and air operations, Federal Judicial Police counternarcotics agents succeeded in intercepting a boat in waters near the settlement of San Nicolas. When its crew members, Javier Venegas Garcia, Alejandro Cruz Hernandez, and Hector Fuentes Andalon, realized that they were being pursued by a PGR [Office of the Attorney General of the Republic] helicopter, they began firing at it. The source explained that, "in repelling the attack, the federal agents seriously wounded Fuentes Andalon, who was admitted to a hospital in Ciudad Constitucion; meanwhile, the occupants of the other boat managed to escape."

The authorities reported that Javier and Alejandro were left at the disposal of the Federal Public Prosecutor's Office, "accompanied by" over 600 kg of cannabis indica. They explained that, when continuing the investigations off the coast of San Sebastian, in the municipality of Guerrero Negro, they discovered the other vessel, on which they found one ton and 479 kg of marijuana, the corpse of an unidentified subject, a firearm, and several spent cartridges.

Mexico: PJF Seize 1.6 Tons Marijuana in BC

96WB0016C Mexico City EXCELSIOR in Spanish 19 Dec 95 p 21-A

[Article by Rocio Galvan]

[FBIS Translated Excerpt] Tijuana, Baja California, 18 Dec—The Judicial Police seized 1,600 kg of marijuana in three operations conducted in Baja California [BC], during which four persons were arrested. This announcement was made by the PJF [Federal Judicial Police] commander, Jaime Jacobo Piceno, who admitted that the drug delivery sites were learned from an anonymous report.

In the first operation, carried out in the port of Ensenada, it was discovered that several persons would be loading packages bound with adhesive tape onto a vehicle on Chapala Street in the Jalisco subdivision. Arrested on that site were Daniel Benny Lopez and Rafael Guerrero Valenzuela, who left the residence to enter a Ford vehicle with border license plates, in which they were carrying 877 packages with a total weight of 1,620 kg. [passage omitted]

Mexico: PGR Seen Diverted From Drug Probes

96WB0016D Mexico City EXCELSIOR in Spanish 16 Dec 95 p 29-A

[Article by Mario Peralta]

[FBIS Translated Text] Luis Porte Mengines, a researcher from the UNAM [National Autonomous University of Mexico], claimed that the fact that the PGR's [Office of the Attorney General of the Republic] attention is focused totally on the "Colosio-Ruiz Massieu-Salinas" cases has been used to advantage by the various drug trafficking rings operating in the national territory to "settle scores among groups and to move backlogged merchandise." He recommended that the PGR not disregard the investigations being conducted of public officials linked with the drug traffic, "as in the case of Baja California Sur, where they have been pardoned, despite the presence of apparently hard evidence."

He remarked with pride that, as the PGR's ex-attache abroad, mainly in the United States, he managed to collect useful information on the operation of national and international drug dealing rings, and on public servants' connections with them in Mexican territory.

He explained that, although the federal government has imprisoned those who, in the past, appeared as leading "kingpins" (Felix Gallardo, Caro Quintero, "Don Neto," "El Guero" Palma, "Chapo" Guzman, and certain police chiefs closely linked to them), many of those who were their "second or third level" aides still remain on the scene. He noted that they are now emerging as cartel chiefs, as in the case of Garcia Abrego.

Nevertheless, he stressed, "It is inexplicable how, with evidence clearly identifying public servants working for drug traffickers, as in the case of at least five in the Baja California Sur government," these individuals have not been punished.

He added that even the investigations conducted through the Public Property Register, revealing the existence of nouveau riches, very rich persons with properties, ranches, or palatial residences, especially in Morelos and Guerrero, do not prompt an investigation to learn whether the assets accrued during the past eight years are based on the salary earned, regardless of how high it may have been. He indicated that these probes remain stalled, and are not being intensified. The lecturer stated in conclusion: "We now understand, but are unwilling to expose the sinister link, the reason for five changes of PGR heads during President Salinas de Gortari's six-year term. I fear that this office has lost its bearings where the battle against the drug traffic is concerned." He added: "There were even directors and deputy directors involved in that battle, for example, Adrian Carrera and Victor Manuel Patino, who had criminal records."

Mexico: Marijuana, Arms Seized in Guanajuato

96WB0016E Mexico City EXCELSIOR in Spanish
16 Dec 95 p 29-A

[FBIS Translated Text] Guanajuato, Gto., 15 Dec—Judicial agents succeeded in confiscating nearly two tons of packed marijuana abandoned in a pickup truck painted in military colors. In it, they also discovered an AK-47, an Uzi, a Colt 45, four fragmentation grenades, and 532 useful cartridges during the operation, conducted in the community of La Cinta, in the municipality of San Jose Iturbide, in the state's eastern section. This report was issued by the State Judicial Police general coordinator, Francisco Lopez Gonzalez.

The drugs, the vehicle, and the weapons were placed at the disposal of the Federal Public Prosecutor's Office, as were other military accoutrements.

At a press conference, it was revealed that the operation began when the Region D Assistant Attorney's Office received an anonymous phone call reporting an olive drab three-ton truck abandoned in the vicinity of the aforementioned community, located one km from Federal Highway 57.

Discovered on the site was the Chevrolet vehicle, with registration 0875201 and missing plates, apparently a military truck because of its color. After a search, the marijuana and weapons were found, as well as three AK-47 loaders, two more for a 5.56, five for a 45-caliber pistol, and one for a six mm gun.

Mexico: Gulf Cartel Member's Extradition Sought

96WB0016F Mexico City EXCELSIOR in Spanish
17 Dec 95 pp 5-A, 18-A

[Article by Rafael Medina and Roberto Melendez]

[FBIS Translated Text] With the aid of members of the Customs Service in McAllen, Texas, and at the request of the Attorney General's Office [PGR] state police officers in the U.S. State of Indiana arrested the Mexican drug trafficker, Fernando Martinez Martinez, in the city of Fort Wayne. Better known as "El Aguacate," he is considered one of the leading members of the Gulf cartel, commanded by Juan Garcia Abrego.

The Attorney General's Office announced that the capture of Martinez Martinez, who also uses the name Fernando Martinez Garza, was based on an arrest warrant issued by the Fourth District Court of the State of Nuevo Leon, where proceedings have been instituted against the accused for crimes against health committed since 1990.

According to the pretrial investigation conducted by the Federal Public Prosecutor's Office in March of that year, Martinez Martinez, using two trucks, transported two tons of packed marijuana from the town of Linares, Nuevo Leon, to Ciudad Miguel Aleman, Tamaulipas. He intended to smuggle them into the United States for sale and consumption.

The department noted: "Fortunately, that drug shipment was intercepted by Federal Judicial Police agents and, as a result, based on the statements made by the vehicles' drivers, it was found to be owned by 'El Aguacate.' He had for a long time been engaged in shipping drugs, including cocaine base, to the neighboring country to the north."

After that incident and based on the arrest warrant, the PGR, through the Secretariat of Foreign Relations, requested that the U.S. Government locate and arrest the presumed drug trafficker for extradition purposes. This occurred on 5 December in the city of Fort Wayne, Indiana.

It specified that, when captured, "the prominent Gulf cartel member" was left at the disposal of a federal judge in that locality, where extradition proceedings will be instituted against him. For this purpose, according to the treaty existing between the two countries, a 60-day period was granted to the Mexican authorities to submit the evidence attesting to Martinez Martinez' liability. There are more arrest warrants against him for crimes against health, ranging from transportation to sale of marijuana and cocaine. It should be noted that Martinez' two accomplices, a customs agent and a Federal Highway Police agent, are facing criminal proceedings in Nuevo Leon.

Costa Rica

Costa Rican Minister Rejects U.S. Import Restrictions

PA1901152696 Paris AFP in Spanish 2049 GMT 18 Jan 96

[FBIS Translated Text] San Jose, 18 Jan (AFP) — Foreign Trade Minister Jose Rossi said today that the Costa Rican Government finds U.S. attempts to restrict textile imports, particularly underwear, from this Central American country unacceptable.

"The textiles issue is subject to international agreements. Restrictions are unacceptable, unless it is proven that our exports are harming U.S. industry," the government official told a news conference. Rossi explained that pressure from large multinational companies — which he did not name — to have the United States condition the import of textiles to clothing manufactured with U.S.- made raw materials (fabrics) is motivating U.S. authorities to take action. Rossi warned: "The Costa Rican Government bases its foreign trade policies on what is best for the country in the short, medium, and long term and not on what is convenient for multinational companies in the United States. We reject this imposition."

The United States imposed a quota of 14.4 million pieces of underwear on Costa Rica in March 1995. This quota expires in March 1996. However, Rossi disclosed that U.S. trade authorities have voiced their intention to reduce this quota to only 7 million pieces in 1996. The Costa Rican minister complained that the United States is treating Costa Rica in an utterly discriminatory fashion regarding textile matters, because the quotas imposed on other countries have been increased significantly compared to previous years.

Costa Rica has requested bilateral consultations as a step previous to the summoning of a panel of experts from the World Trade Organization, which would act as an arbitrator in the conflict.

Rossi maintained that the Central American country does not recognize that the United States has a right to set quotas on its textile imports; however, in any case, his country is always willing to consider the issue as long as the possibility of increasing its exports is guaranteed.

Guatemala

Cuba's Robaina: Trade With Guatemala To Improve

PA1801140496 Guatemala City PRENSA LIBRE in Spanish 16 Jan 96 p 15

[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina said in Guatemala City on 14 January that his country is willing to establish diplomatic and trade relations with Guatemala as long as the new Guatemalan authorities give a positive answer and accept some conditions presented by the Fidel Castro government.

The Cuban foreign minister, who was officially invited by the Guatemalan Government to attend Alvaro Arzu Irigoyen's inauguration, said he has no doubt trade relations between the two countries will improve with the new administration.

He said Cuban Government officials have held talks with Guatemalan businessmen, and he disclosed that some government sectors have voiced their interest in trade with the Caribbean island.

According to Robaina, both the Cuban and Guatemalan authorities are willing to initiate diplomatic and trade relations because the two nations have gotten closer and have learned more about each other.

There has been much progress in the communication between the two countries. This improves dialogue and understanding, which will naturally bring about the establishment of those relations, the Cuban official said.

Guatemalan Refugees Return From Mexico

PA1801232996 Guatemala City Televisiete Television in Spanish 1900 GMT 17 Jan 96

[From the "Channel Seven News"]

[FBIS Translated Text] Approximately 9,500 refugees returned to the country in 1995, according to government organizations.

The governmental Special Guatemalan Commission for Assistance to Repatriates, CEAR, revealed that in 1995 a total of 9,555 Guatemalan refugees, who had sought asylum in Mexico for the past few years, returned to their country. According to a report published by the CEAR, the repatriated population, which returned from Mexico's southern states, did not meet expectations; however, CEAR said it had been one of the most successful years as far as the return of refugees is concerned.

The 9,555 refugees comprise some 2,145 families, who had lived in the states of Campeche, Quintana Roo, and

Chiapas, where they had fled more than 13 years ago because of the violence generated by the bloody 35-year-old armed conflict that still persists.

The return process for refugees began in 1986, and since then a total of 28,929 Guatemalans have returned in groups or individually. The refugees have been settled in farms in the western department of Huehuetenango and Quiche, areas they selected. These areas also report the greatest number of clashes between the Army and the guerrillas.

According to a CEAR official, most refugees choose their places of origin. When they finally find their old lands, they discover they have new owners. This situation has generated conflicts between the repatriated population and the new owners, because the former refugees demand the return of their lands; however, the government convinced them to occupy other farms.

In a recent meeting held between the Mexican Commission on Refugee Assistance, COMAR, the UN High Commissioner for Refugees, and the CEAR, it was decided to repatriate some 10,000 persons this year.

Guatemalan President Vows To Help Army Defend Peace

PA1701180996 Guatemala City Teleonce Television in Spanish 0100 GMT 16 Jan 96

[Address by President Alvaro Arzu at an Armed Forces ceremony on Constitution Square, in Guatemala City, on 16 January; from the "Telepress Newscast" — recorded]

[FBIS Translated Text] I want you to know that my government is determined to take all the necessary steps to ensure that the Army defends peace and serves the people. The Army will become actively involved in the development of our fatherland through its constitutional capacity and integrity. We need a modern and professional armed institution that will carry out its mission within the framework of its constitutional duties, which are to defend the nation's independence, sovereignty, and honor and our territorial integrity, peace, and security. As your commander in chief, I assure you of my support for the Army's efforts thus far to meet these goals. I know that the Army has paid a high price in this fratricidal war, which we are determined to end through the signing of a stable and lasting peace agreement. My fundamental pledge to you is to work with the populace to create the political, economic, and social conditions that will stave off the risks of futile confrontations among brothers. I know that blood has been shed, but I ask you to let bygones be bygones so that reconciliation among all Guatemalans becomes the best homage to our fatherland, which, more than ever, needs the creative efforts of its sons.

Guatemala's Arzu Defines Policies for First 180 Days

96P20224A San Jose LA NACION in Spanish 16 Jan 96

[Received via Internet]

[FBIS Translated Text] Guatemala, 16 Jan (ACAN-EFE)—Yesterday Guatemalan President Alvaro Arzu defined his policies for the first 180 days of his mandate, in which he will try to combat violence, stabilize the economy, and advance the peace negotiations with the guerrillas.

The affluent 49-year-old businessman, founder of the National Advancement Party (PAN) which took him to power, was officially inaugurated on Sunday as the nation's president, replacing Ramiro de Leon Carpio.

Arzu reiterated that he would put to work the state machinery from the beginning, and that once he has studied the "difficult" economic situation which he has inherited, he will outline a program, together with his ministers, that he plans to implement in the first 180 days.

The new president's cabinet is composed of PAN members, professionals without political background and businessmen, besides Defense Minister General Julio Balconi, who is considered by experts to be a representative of the "institutionalist wave" of the military, given to changes in the armed institution.

Hours before meeting with the cabinet, Interior Minster Rodolfo Mendoza explained that one of the first measures of his office to confront violence will be to reform the security system and merge the police with the military and Treasury Police.

In his inaugural address, the president promised to present several bills establishing standards for the reform of the security forces as well as State and municipal governments. According to National Police reports, more than 1,000 crimes were committed in 1995 when the so-called kidnap "industry" grew at an alarming rate.

For his part, Bank of Guatemala (BANGUAT) President Willy Zapata, confirmed in his post by Arzu, said that economic policy will be directed so as to maintain credit and exchange rate stability, besides reducing inflation, which reached 8.4 percent last year. Zapata told ACAN-EFE that the basis of the new government's economic policies should be to maintain macroeconomic stability and resolve the structural monetary problem.

In 1995, BANGUAT lost approximately 800 million quetzales ($133 million) annually by maintaining the stability of the national currency, the quetzal, in relation to the dollar. This amount, added to the State's pending debt to BANGUAT of more than 6 billion quetzales (some $1 billion), threatens to set off what some experts call a "monetary bomb," which would shoot up inflation and cause the quetzal's devaluation.

As a solution to the problem, the Central Bank urged Arzu and his rival in the second round of the elections held on 7 January, Alfonso Portillo, to improve public finances, increase taxes, and reduce the fiscal deficit, which according to official reports reached 338 million quetzales (approximately $56.3 million) in 1995. They also suggested other measures, such as issuing seven-year bonds to BANGUAT for the undocumented debt of 4.640 billion quetzales (approximatley $773 million), without earning interest—the cost of this monetary policy to be covered by the budget and privatization.

Regarding the peace process, Arzu insisted in advancing, beginning this week, the dialogue with the Guatemalan National Revolutionary Unity (URNG). The new government still needs to designate a negotiator to this process, which began in April 1991, replacing sociologist Hector Rosada.

Among the initial activities of his first day of work, Arzu received the baton that symbolizes his status as General Commander of the Army in a simple ceremony in which the Armed Forces rendered him the honors corresponding to his investiture. Later, he attended the inauguration of reelected Guatemala City Mayor Oscar Berger, also a PAN member, who reiterated his promise of support in solving the principal problems, such as public transportation.

Nicaragua

'Zone of Tolerance' Proposed in Nicaraguan-Honduran Dispute

PA1801190696 Managua Sistema Nacional de Television Network in Spanish 0130 GMT 17 Jan 96

[Report by Ida Ruiz; from the "National Newscast"]

[FBIS Translated Text] Nicaraguan Foreign Minister Ernesto Leal has described the Honduran Navy commander's recent threats regarding fishing area conflicts between the two countries as out of line. Honduran Navy Commander General Bruno Giordano Fontana H. threatened Nicaragua with the use of force if recent fishing incidents in areas of the Caribbean Sea over which both countries claim jurisdiction are repeated. Nicaragua has reacted to these declarations:

[Begin Leal recording] This is deplorable and truly out of line. Honduran President Carlos Roberto Reina and Nicaraguan President Violeta Chamorro have met in Nicaragua. [end recording]

Both presidents agreed in Guatemala to hold a meeting of the maritime delimitation subcommissions on 17 January:

[Begin Leal recording] Within 30 days, at the most, a plan is to be presented to create a zone of tolerance while we map out limits in the Caribbean Sea. This zone of tolerance will have a special status. Many countries have this while two neighboring countries work out their maritime borders. [end recording]

This meeting will probably take place in Managua, although this has yet to be confirmed.

Nicaraguan-Honduran Relations Could Worsen if Fishermen Armed

PA1401153996 Managua EL NUEVO DIARIO in Spanish 13 Jan 96 pp 1, 8

[Report by Vladimir Lopez]

[FBIS Translated Text] Relations between Nicaragua and Honduras could deteriorate because of an unusual request by Honduran fishermen who are asking their government for authorization to arm and "defend themselves against the Navy" of our country.

In a letter written to Honduran President Carlos Reina, the fishermen state that "if the government, through its Navy and Air Force, is unable to defend our sovereignty, then we ask that we be authorized the necessary high-caliber weapons to defend our sovereignty, lives, and ships."

However, the ill will of the Honduran fishermen contrasted with moderate position of the Nicaraguan Government's, which through Deputy Foreign Relations Minister Alvaro Jose Sevilla Siero asked President Reina for "prudence and caution."

The deputy foreign affairs minister, who recently took office on 12 January, made his first remarks to EL NUEVO DIARIO regarding the delicate situation with Honduras.

Sevilla Siero, a 55-year-old lawyer, is a specialist in international missions. His last post was that of Nicaraguan ambassador to Venezuela.

The deputy minister said that he was familiar with the request made by Honduran fishermen and he explained that in a recent bilateral meeting between officials of the two countries it was agreed that civilian ships could not bear weapons in bordering territorial seas.

Sevilla Siero recalled that "Nicaragua and Honduras are neighbors, and it is evident that relations along the border could give rise to conflict. However, Nicaragua is willing to work toward a dialogue to solve these issues."

Sevilla Siero said that the bilateral meeting to discuss these kinds of issues are scheduled to be held periodically, and "we are willing to dialogue."

Sevilla Siero pointed out that in the most recent incident which occurred on 17 December, the Nicaraguan Navy captured four ships in our territorial waters that were flying the Honduran flag.

Sevilla Siero said that the four shrimp boats are in "El Bluff", a port located in Bluefields, and that the future of the ships would be determined according to Nicaraguan laws.

Until yesterday, President Carlos Alberto Reina's reply to the Honduran fishermen's request was not known.

Nicaragua To Be First Country To Negotiate Debt

PA2101041996 Managua Sistema Nacional de Television Network in Spanish 0130 GMT 18 Jan 96

[Report by Mildiana Jerez from the "National Newscast" — passages within quotation marks recorded]

[FBIS Translated Text] Foreign Cooperation Minister Erwin Kruger has announced that Nicaragua will be the first country in the world to negotiate its debt with international financial organizations such as the IMF, the World Bank, and the IDB [Inter-American Development Bank]. He made this announcement at the end of a meeting between cooperating countries and the government.

The annual meeting between the government and the cooperating community, which began last month, ended today:

[Kruger] "We report that Nicaragua received $540 million in international cooperation during 1995; this amount includes funds used to renegotiate the commercial debt and the funds to pay Nicaragua's foreign debt. Likewise, we also note that the cooperation program for 1996 amounts to $595 million."

The president of the Supreme Electoral Council has noted the needs of this organization for this year's elections. It needs $23.8 million to ensure that the elections can be carried out successfully:

[Kruger] "The international community has not imposed any conditions for this financing, and preliminary indications are that there is a desire to finance this amount. The donor countries have to study this matter, and then they will respond."

He has said that Nicaragua will negotiate its debt with the financial organizations and that this time is the first this procedure has taken place. A strategy was discussed at this meeting to fight poverty in Nicaragua:

[UN Representative (Francesco Vincenti)] "I believe we have listened to a cooperating community that would like to hear about priorities and overall proposals."

According to the president of the support group for Nicaragua, we Nicaraguans must make an effort to create the proper atmosphere in order for international cooperation to be very effective:

[Kal Van Kesteren, president of the Support Group for Nicaragua] "The countries must intend to make an effort to reduce dependence on aid and replace foreign aid with its own resources and private investments, both Nicaraguan and foreign."

The Nicaraguan Government will continue to negotiate foreign debt repayments with creditor countries, which adds up to more than $2.4 billion, this year.

Coffee Rust Disease Threatens Nicaraguan Economy

PA0801012596 Managua LA PRENSA in Spanish 6 Jan 96 pp 1, 10

[Article by Roger Alonso]

[FBIS Translated Text] Finance Minister Emilio Pereira has confirmed to LA PRENSA that coffee rust disease, a devastating plague which could result in the loss of millions of dollars to the Nicaraguan economy, has been reported in coffee plantations in Matagalpa and Jinotega Departments.

Pereira said that the government has alerted the Agricultural Ministry to take measures to prevent the plague from spreading like it did in Carazo Department in the 70's.

As a member of the economic cabinet, Minister Pereira confirmed that in a few hours, specialists of the Agriculture and Livestock Ministry would travel to the affected coffee regions to evaluate the situation and promptly set up a program to fight the plague and minimize its effects.

Matagalpa's Coffee Growers Association President Ricardo Oliu said that the appearance of the coffee rust disease in the Jinotega and Matagalpa Departments has had a great impact on the producers' union and government entities involved in the coffee sector.

The coffee growers president said that the plague was discovered by coffee grower Freddy Torrez in the Pancasan region. This coffee plantation has been completely renovated by planting approximately 100 manzanas of golden variety coffee beans.

Another planter affected in Matagalpa Department is Leonel Rios of the Santa Leticia plantation in the

Guapotal region. Rios produced 600 quintals of golden variety coffee beans in the recent harvest and according to him the effect of the coffee rust disease on his plantation has been devastating.

In the Agua Maria region in La Dalia Municipality, the plague has affected Mario Amador's coffee plantation with a much more aggressive coffee rust disease than that which attacked the plantations in the Carazo Department during the 1970's.

Another producer affected is Julio Rivera, former deputy minister of agriculture and livestock, who owns a coffee plantation in Matagalpa Department. According to reports received the coffee rust disease has ravaged his plantation.

Ricardo Oliu said the plague will considerably affect the 1996-97 harvest season. Damage has been estimated at between 25 and 30 percent. Coffee production for the year 1996-97 was expected to reach 1 million quintals, but the coffee rust disease is expected to affect between 200,000 and 250,000 quintals of coffee.

The president of the Matagalpa Coffee Growers Association explained that this plague will deal a harsh blow to the Nicaraguan economy. First, because of the decline in international coffee prices, second, because of shortage of cash, and last, because of the suspension of financing to coffee growers by the National Development Bank.

Guillermo Cabezas, an official of the Nicaraguan Investment Fund and a coffee specialist, said that the coffee rust disease, whose scientific name is Hemileya Bastatrix, was first reported in the Santa Elisa plantation in Carazo Department where it was discovered by Jaime Solorzano on 23 November 1976.

The coffee rust disease, or Hemileya Bastatrix, is a most dangerous and feared disease because of its devastating character. It was reported for the first time in Sri Lanka in 1869 where it quickly ruined the coffee plantations. From Sri Lanka it spread to other coffee growing nations and today it exists in all African and Asian countries.

Its symptoms manifest themselves mainly on the coffee plant's leaves. It begins with the appearance of small yellow spots, measuring one or two millimeters in diameter, on the underside of the leaves. On the right side of the leaves these lesions seem translucent and are similar to a grease or an oil stain.

The stains progressively spread. A number of stains merge and assume irregular shapes reaching different sizes. Sometimes the stain cover and entire branch.

As a result of the attack on its leaves, the coffee plant undergoes massive defoliation and retains only two or three leaves at the end of each branch. Under these conditions, the coffee plant becomes weaker, reduces its coffee bean production to a minimum level, and dies in a relatively short time. Since the coffee rust disease does not attack the wood, leafless coffee plants can be saved by constantly spraying them with chemical substances until the coffee plant sprouts new leaves and can begin to produce a crop after three years.

Another method is to cut the trunks of the coffee plants, so that new shoots will grow into new coffee plants which will provide a harvest in four years. During those four years chemical treatment must be constantly applied.

Nicaraguan Deputy Minister Resigns, Forms New Movement

PA0601171196 Managua Canal Dos Television in Spanish 0030 GMT 5 Jan 96

[From the "TV News" newscast]

[FBIS Translated Text] Deputy Foreign Minister Jose Pallais presented his resignation to President Violeta Chamorro on the morning of 4 January. He will remain at his post until 10 January, and afterward he will help organize the Up With Nicaragua [Arriba Nicaragua] movement headed by Alvaro Robelo, a banker from Leon:

[Begin Pallais recording] I requested authorization to withdraw from her government as of 10 January. I voiced my wish to her to actively participate as a citizen in the upcoming political campaign through a new political option that we are building called Up With Nicaragua. [end recording]

According to Pallais, this movement is being organized from the rank and file by including small producers and businessmen and by attracting Nicaraguans who have never participated in politics. Pallais added that Up With Nicaragua hopes to solve Nicaragua's economic problems.

Pallais has been in Chamorro's government since 1990. He first held the post of deputy government minister and then the post of deputy foreign minister. Pallais is the third ranking official to resign to participate in the elections. Contrary to Ministers Antonio Lacayo and Marta Palacio, he did not resign to join the National Project, because according to Pallais, he does not identify with it:

[Begin Pallais recording] Up With Nicaragua is being organized from the rank and file through consensus building at this level; through the inclusion of small businessmen, peasant leaders, and labor leaders at each municipality. It is growing from bottom to top. I think that the option, the movement led by Engineer Lacayo is also valid; it is part of democracy, but it lacks the characteristics that Up With Nicaragua has. I feel more at ease with being part of a movement that has such characteristics. [end recording]

Although Pallais had shown great enthusiasm during the launching of Up With Nicaragua on 8 December, his resignation caught Chamorro by surprise:

[Begin recording] [Reporter] [Words indistinct] the Up With Nicaragua movement.

[Chamorro] Which one is that?

[Reporter] [Words indistinct] led by Dr. Alvaro Robelo.

[Chamorro] I do not know. He told me nothing [words indistinct]. [end recording]

Ambassadors Roberto Ferrey and Roberto Farrales and Mrs. Lucia Cardenal are among the possible successors to Pallais.

Panama

CIA Director Meets With Panamanian President

PA2001151696 Panama City EL PANAMA AMERICA in Spanish 20 Jan 96 p 1

[Report by Juan Pritsiolas]

[FBIS Translated Text] CIA Director John Deutch visited Panama this week and met with President Ernesto Perez Balladares and Gabriel Castro, chief of the National Public Security and Defense Council.

A diplomatic source told EL PANAMA AMERICA that the CIA director's visit took place on Wednesday, 17 January. Also participating in the meeting with the Panamanian officials were: U.S. Ambassador William Hughes, Southern Command Chief Barry McCaffrey, and U.S. Deputy Secretary of Defense John Sheridan.

John Deutch also paid a visit to the Southern Command installations and met with the CIA station chief in Panama.

New U.S. 'Drug Czar' May Affect Panama Ties

PA2101174196 Panama City LA PRENSA in Spanish 21 Jan 96 p 47A

[By Betty Brannan Jaen, in Washington]

[FBIS Translated Excerpt] U.S. media reported this week that the White House is considering appointing General Barry McCaffrey, chief of U.S. Southern Command, the next "drug czar" in the United States. THE WASHINGTON POST reports that the Clinton administration has identified several candidates to fill the post and that although it is not yet "definite," McCaffrey "stands a good chance" of being selected. The daily added that the Clinton administration would be making an "intelligent choice" if it were to appoint McCaffrey, known as a "tough" and "no-nonsense chief" with a good reputation as a military man and as someone who can work with the executive branch. [passage omitted]

McCaffrey's appointment as "drug czar" could have a great impact on Panama. Appointing a military man to the post (the three previous "czars" were civilians) would mean the "war on drugs" — which has been mostly a civilian effort thus far — would take on more of a military feel. This could lay open Latin America to the dangerous possibility of the United States promoting the militarization of Latin American countries and of narcotics policemen — including Panamanian policemen, who supposedly work on a civilian force — receiving intense military training at schools like the "School of the Americas," the work of which Gen. McCaffrey greatly admires.

Gen. McCaffrey also knows Panama and has first-hand knowledge of the problems that Panama faces in the struggle against drug traffickers in the region. This would mean that the United States would have a more realistic outlook on Panamanian efforts than it has had over the past few years.

Gen. McCaffrey seems to be the strongest supporter of a military presence in Panama beyond the year 2000 within the Clinton administration. He bases his argument on the fact that U.S. bases in Panama are vital to the region's struggle against drug trafficking. For better or for worse — depending on one's opinion on the possibility of U.S. bases remaining in our territory — raising Gen. McCaffrey to a cabinet position with an office in the White House obviously would reaffirm the notion that U.S. national security requires some kind of military presence in Panama.

Panamanian Paper Views New U.S. 'Drug Czar'

PA2001121396 Panama City EL PANAMA AMERICA in Spanish 19 Jan 96 p 1

[From the "Panama's Pulse" column]

[FBIS Translated Text] Bases. The appointment of General Barry McCaffrey, chief of the U.S. Southern Command, as the new U.S. "drug czar," replacing Lee P. Brown, means that some amount of U.S. military presence will definitely remain in the Canal Area beyond the year 2000. The top official is in favor of that alternative.

Pentagon. McCaffrey's opinion in favor of the bases was not prevalent last year. Currently, his viewpoints are now well received in top U.S. leadership circles, convinced as they are of the advantages of including the Armed Forces and intelligent services in the fight against drugs.

Strategy. Because of this, President Bill Clinton's designation of McCaffrey, which the Senate must still consider, is a clear signal that McCaffrey's ideas on the fight against drugs have been accepted, and he will, therefore, be given the opportunity to implement them, including his idea to stop the flow of drugs, money, and arms from bases in Panama.

Panamanian Police on Alert for Peruvian Figures

PA1901144996 Panama City EL PANAMA AMERICA in Spanish 19 Jan 96 p 1

[By Juan Manuel Diaz; all quotation marks as published]

[FBIS Translated Text] The Panamanian Police Force is on alert on the chance that Jose Santacruz Londono, the capo of the Cali group, and Rodolfo Klien Samanez, one of the leaders of the Peruvian terrorist group Tupac Amaru Revolutionary Movement (MRTA), are in Panama. Tomas Garcia Tovar, chief of the Police Investigation and Information Department (DIIP), said that as "a public security organization, the DIIP is issuing orders to prevent crime nationwide. If we learn about any fugitive, we will take action." The deputy police commissioner said that "it has not been ruled out" that Cali group leaders might be in Panama; in light of this, he said that "operations are being maintained and (warned) the appropriate action would be taken" to ascertain their whereabouts. Jose Santacruz Londono escaped from a Colombian prison last week. Londono, a drug trafficker, was a member of the board of directors of a Panamanian bank and maintained several bank accounts in our country. Peruvian intelligence has disclosed that Rodolfo Klien Samanez, the MRTA's leading international contact, is hiding in Panama. The police source revealed that the "MRTA" leader was spotted in the Panamanian capital making contacts with supporters of Federico Britton, a militant of Panama's National Liberation Movement.

Panama, Taiwan Sign Air Transportation Agreement

PA1001043196 Panama City LA ESTRELLA DE PANAMA in Spanish 8 Jan 96 p 1

[Report by Esperanza Navarro Francois]

[FBIS Translated Text] The Panamanian and Taiwanese Governments have signed an air transportation agreement with a view to establishing international flight services between their respective territories.

The agreement, which was approved during a third debate and which is Law No. 15 of the Republic, stipulates that the airlines of one signatory party will be able to overfly the territory of the other party without landing. In addition, they are authorized to make noncommercial stops (stopovers) to pick up or drop off passengers, cargo, and mail in an individual or joint manner. [sentence as published]

None of the stipulations of the agreement could be interpreted as conferring the assigned airlines the right to pick up passengers, cargo, and mail for their transportation within the territory of the other nation whether by remuneration or leasing.

The contracting parties agree the specified routes will be operated for up to seven weekly flights.

The laws and rules regulating the entry and exit of international air transportation in each country will be applied to the aircraft during their permanence within the limits of their territories. Likewise, each country's rules on the entry, permanence, and exit of passengers, crews, baggage, cargo, and mail will prevail, as well as the steps regarding each country's entry and exit, immigration, and customs formalities and sanitary measures.

Due to public security matters, each contracting party will be able to restrict or forbid the flights of the airlines designated by the other party over certain areas of its territory. This measure will be applicable as long as the restrictions also pertain to the aircraft of the airline designated by the first contracting party or the airlines of third countries that offer international services.

The contracting parties have agreed to promote special or "charter" flights, which the aeronautic authorities of each country will regulate.

Routes for the airlines designated by the Republic of Panama:

Panama-halfway points (over the Pacific Ocean)

Taipei-a point that will be agreed on in the future.

Meanwhile, the route for Taiwan will be as follows:

Taipei-halfway points (over the Pacific Ocean)

Panama-a point that will be agreed on in the future.

Peruvian Envoy to Panama Denies Rumors on Tupac Amaru Presence

PA1901181996 Panama City EL UNIVERSAL DE PANAMA in Spanish 19 Jan 96 p A6

[By Michell de la Ossa]

[FBIS Translated Text] Peruvian Ambassador to Panama Alfredo Ross Antezana has denied rumors circulating in the media that Tupac Amaru members are in Panama. Ross Antezana said that that Peruvian intelligence system has proved efficient in the arrest of Tupac Amaru and Shining Path members. As for reports that Peruvian intelligence had detected Tupac Amaru subversives at the University of Panama, the ambassador said he has no knowledge of this. He added: "This is turning into a soap opera." Ross Antezana said that the Panamanian and Peruvian authorities are investigating and that there is much speculation regarding this topic. Pacifico Castrellon, a Panamanian citizen who has been identified as a Tupac Amaru member, is in a Peruvian jail.

Argentina

Argentina's Di Tella on 'Final' Patents Law Regulation

PY1901161396 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2323 GMT 18 Jan 96

[FBIS Translated Excerpt] Buenos Aires, 18 Jan (NA) — Foreign Minister Guido Di Tella has announced that the executive branch will implement a final regulation on the Patents Law in March. He will officially broach this with U.S. Trade Representative Mickey Kantor on 19 January.

The foreign minister made this announcement after a meeting with a group of Justicialist Party [PJ] senators, headed by PJ bloc leader Augusto Alasino. The meeting was held at Chief of Cabinet Eduardo Bauza's office. The foreign minister noted that Kantor, the man who exerted great pressures on behalf of his country's laboratories, will be told on 19 January that the Patents Law will finally become effective within two months.

Di Tella admitted the existence of U.S. Government pressure for the Patents Law to favor U.S. pharmaceutical laboratories. He emphasized, however, that the final decree would emerge as a result of a consensus agreement achieved with the congressmen.

Upon admitting the U.S. Government pressures on Argentina, the foreign minister said: "If we would not notice the existence of pressure, we would not notice the existence of the world."

Afterward, Di Tella attempted to minimize this issue, emphasizing: "Today's world is full of pressures, both those exerted on us and those we are exerting on others."

During the meeting, the government agreed to hold further meetings on the Patents Law issue, in the wake of its involvement in a formidable dispute with Congress over the content of the Patents Law. [passage omitted]

Argentina's Menem Discusses State Reform

PY1901192796 Buenos Aires TELAM in Spanish 1306 GMT 19 Jan 96

[FBIS Translated Text] Buenos Aires, 19 Jan (TELAM) — President Carlos Menem insisted today on the urgent need for legislation that will enable him to efficiently go through with the second reform of the state. In addition, he confirmed his decision to tentatively reduce the VAT from 21 to 18 percent by April.

Commenting on the need for Congress to enact the bill that is currently under discussion in the Chamber of Deputies, the head of state said: "I need those powers to undertake the second reform of the state in a speedier and more efficient way."

Changing the subject, Menem announced that by April "or even before," the VAT will have been "temporarily" cut from 21 to 18 percent to test "how tax collection behaves" at those levels.

In reply to a question put to him by "La Red" radio station about reports claiming that if the laws empowering the president to deepen the state reform are not passed by 1 April he will enforce them through a decree, Menem said: "Those are just reports." The chief executive reiterated that the powers to be delegated by the legislative branch to the president of the Republic are not "superpowers."

The president made it clear that "what I do not like is the term ''superpowers' because that is false — I can see through that little game. What we are trying to do is make it possible for the president to act within clear constitutional norms."

The head of state went on to say: "We must find a way to solve this situation — providing we do not infringe upon the Constitution — so that we can move ahead in the second reform of the state."

"And I need those powers to do it as quickly and efficiently" as possible, he emphasized.

Moreover, Menem confirmed his decision "to reduce the VAT to 18 percent by April or even sooner than that." He nonetheless made it clear that this should be considered as a "temporary" measure.

"We are going to see whether tax revenues work with the VAT at 18 percent," he noted.

The president contended that "this is good news, but all taxpayers must contribute to this so that we can maintain that level."

The head of state further stated that "the legislation in question gives us that possibility," adding that it is "temporary because if tax revenues increase after six months, we will keep the 18 percent. Otherwise, we will have to raise the VAT to 21 percent once again."

Menem indicated that "if taxpayers get involved and cooperate in the task of curbing tax evasion, we will be in a position to definitely maintain the 18 percent or, if need be, to even lower it."

The president underscored: "What we intend to do is to continue working on the tax burden because as one reduces taxes, the money supply increases and so do benefits, thus causing economic growth."

Argentine Government Inflation Figures Challenged

96SM0039A Buenos Aires LA PRENSA in Spanish 18 Dec 95 p 18

[Article by Gabriel Buttazzoni: "Inflation Rate of 1.7 Percent Is Just in the Capital"]

[FBIS Translated Text] According to official estimates, the 1995 inflation rate could be just 1.7 percent. In most of the provinces, however, the cost of living will be appreciably higher, owing largely to the different methodology used. La Rioja and Santiago del Estero will be among the most "expensive." A Brazilian newspaper gives its view of Jujuy, which they call "the forgotten one."

Based on the data for the Federal Capital and Greater Buenos Aires, some officials have let it be known that Argentina's inflation rate in 1995 will be 1.7 percent at the most, one of the lowest in the world.

Meanwhile, the official records of most provinces indicate that the local variations in the consumer price index are higher than the numbers in the Buenos Aires area, the biggest difference being in the Province of La Rioja, which up to October had posted a cumulative rate of 8.52 percent, 572 percent more than in the capital and Greater Buenos Aires.

Less than a month ago, when President Carlos Menem was giving assurances that the unemployment rate had dropped because people had found jobs, not (as Economy Ministry officials had admitted) because fewer were looking for work, the chief executive said: "The rise in the cost of living this year will not exceed 1.7 percent, and thus Argentina may be the country with the lowest inflation on the planet."

As is often the case with statistics, the explanations of any disagreements are to be found in how the numbers are interpreted. It is with good reason that many economists do not hesitate to acknowledge that statistics is the best way to fool people with numbers.

First of all, we have to bear in mind that the data for the Federal Capital and Greater Buenos Aires tend to be regarded as representative of the entire country; this is mainly due to the unreliability of price-tracking in the provinces. This translates into the delayed arrival of data at the National Institute of Statistics and Census (Indec). This is compounded by the fact that the method used by the national institute (in Buenos Aires only) differs from the one used by most of the provinces, which makes it impossible to establish a nationwide index (see box).

"We make it a point to clarify that our data correspond only to Buenos Aires, but it is true that many regard them as if they corresponded to the entire country. This is what is traditionally done, and it is wrong," said Nestor Kuasina, the director of publicity for Indec, in response to a question from LA PRENSA.

The causes of these discrepancies cannot be determined with any certainty. Although the various methodologies applied do not allow for definitive diagnoses, there can be no doubt that prices behaved differently in the interior than in Buenos Aires. In this connection, the capital of La Rioja heads the list with 8.58 percent inflation.

Lest we continue with this game of half-truths, we should clarify that the inflation number for the president's home province covers the period from January to October, the last month for which Indec has records. The fact is that Indec has up-to-date figures only for Neuquen and Rio Negro.

Moreover, the official data from the provincial agencies show that the capitals of Santiago del Estero (6.43 percent), Chubut (5.95 percent), Santa Fe (Rosario in this case, with 5.2 percent), Rio Negro (5.15), and Buenos Aires (4.75) are the ones that, so far this year, trail La Rioja in the cumulative rate.

In contrast, San Juan (1.37 percent), Chaco (1.04), and Corrientes (1.02) published figures lower than those for the capital, although the numbers the latter two reported to Indec cover only up to August.

As for a ranking of the behind-schedule provinces, the numbers for Cordoba that Indec has available cover only the first two months of the year. In this case, the data are lacking because the provincial body in charge of compiling them failed to forward them to Buenos Aires. Worse still, the data that the national institute gave LA PRENSA are different from the ones that the Indec affiliate published in this land-locked province.

The numbers for the Province of La Pampa are almost amusing as well. Adding up the increases in the price index shows inflation so far this year at 8.42 percent, whereas averaging the various indices yields 4.65 percent. To round out the confusion, Indec admitted not having numbers for five provinces: Mendoza, Tucuman, Jujuy, Salta, and Misiones.

We would have to say, then, that the Federal Capital and certain provinces that are doing even better will have the lowest inflation on the planet this year. We will also have to pay attention, for once, to all of the numbers, not just some.

[Box, p 18]

Differences in the Method of Calculation

"Indec calculates the consumer price index only for the metropolitan area (the capital and Greater Buenos Aires), and as the coordinator of the National Statistics System (SEN) it is in charge of gathering data from all over the country. What happens is that the provincial bodies operate with their own budgets and therefore are late in sending us their numbers," Nestor Kuasina, the institute's publicity director told LA PRENSA.

After noting that "this is the first time that you are asking us for figures from the interior," he admitted and since these numbers are not requested, the national institute does not worry too much about keeping them up to date, "although we will redouble our efforts," he added.

In addition, Kuasina downplayed the differences between the indices, since very few use Indec's methods. "We use an index based on a weighting that consists first of establishing the impact of each category on the family shopping basket and then gauging the increases and making them proportional to this impact. We survey more than 100,000 prices a month, using a set of 600 items and their varieties."

"The provinces," he added, "use a self-weighting method. In other words, they take 100 items and measure the increases without taking into account their impact on the family shopping basket." According to Kuasina, this means that the data are not comparable.

The question, then, is whether there is any gauge capable of representing the rise in the cost of living nationwide. "At this moment it is impossible, but next year we will be doing a national survey of household spending that will enable us to standardize the information on the national family shopping basket and, on that basis, have nationwide data. This will not be possible until 1997," Kuasina said.

Nevertheless, he acknowledged that the differing, incomplete data received so far "suggest that prices increase faster in the provinces than in the metropolitan area."

[Box, p 18]

An Unexpected Finding: Santiago Second Highest

A survey of inflation indices in the provinces reveals several interesting facts. One is that Santiago del Estero, which was run by Juan Schiaretti, now a deputy, is among the provinces with the fastest increase in the cost of living so far this year. Schiaretti had been appointed provincial overseer in December 1993, after the province underwent internal upheavals stemming from a wave of demonstrations. He served until the national elections this year, and his rallying cries were to guarantee safe streets and to rebuild the province's finances. During his mandate Santiago del Estero posted a cumulative inflation rate of 5.34 percent. Yet the biggest increases came this year, especially up to May, the month that his term ended. During the first five months of the year the cumulative inflation rate was 4.39 percent; the pace slowed from then until October, when the cumulative rate stood at 6.43 percent.

[Box, p 18]

Jujuy, the Forgotten Province

Rio de Janiero (ANSA)—Yesterday morning the newspaper JORNAL DO BRASIL published a full-page article on Jujuy, in which it describes the northeastern Argentine province as a "reflection of the agony in the country's interior."

"The provincial capital today," it says, "is a ghost town, with its jobless, long lines in front of soup kitchens, hospitals and schools with nothing to offer, and protests by workers and civil servants who have not been paid for months except in government bonds, which businesses are reluctant to accept."

A month after taking office, the governor of the province (whose population is 600,000), Guillermo Snopek, admitted that the situation is difficult, with an "infant mortality rate comparable to Biafra's."

"With its mineral wealth, which includes oil, and with its tobacco, sugar, and zinc, Jujuy, which has uniquely colored mountains, could find a way out in Mercosur (and with Chile and Bolivia)," the article adds.

"Since the so-called reform of the state, which marked the privatization process of President Carlos Menem's administration, Jujuy has not managed to reorganize its economy, a problem that also besets the other provinces," it goes on to say.

1995 Inflation: Province by Province

Province	Rate
Santiago del Estero	6.43 (January-October)
Jujuy	No data
Salta	No data
Formosa	3.55 (January-June)
Chaco	1.04 (January-August)

Province	Rate
Misiones	No data
Corrientes	1.02 (January-August)
Entre Rios	3.23
Tucuman	5.2 (January-October)
Catamarca	3.33 (January-July)
La Rioja	8.58 (January-October)
San Juan	1.37 (January-October)
Santa Fe	5.22 (January-October)
Federal Capital	1.5 (January-November)
Cordoba	2.21 (January-September)
Buenos Aires	4.75 (January-September)
La Pampa	4.65 (January-July)
Tierra del Fuego	No data
Mendoza	2.11 (January-November)
San Luis	No data
Neuquen	4.51 (January-November)
Rio Negro	5.15 (November 1994-November 1995)
Chubut	5.95 (January-October)
Santa Cruz	4.7 (January-September)

Although the methodology used in the provinces can lead to errors when numbers are compared, the 1.7 percent rate applies only to the Federal Capital.

Argentine Unemployment Figures, Job Market Discussed

96SM0041A Buenos Aires CLARIN (Economic Supplement) in Spanish 24 Dec 95 pp 2, 3, 5

[Article by Andres Borestein, Dario D'Atri, and Valentina Alvarez: "Unemployment, What's Going On?"]

[FBIS Translated Text] Unemployment is down two percent from May, but there are a half-million more people out of work than in October 1994. Moreover, the drop can be explained by seasonal factors and by the so-called "discouragement effect," in other words, when someone cannot find work and stops looking, thus lowering the rate.

On Friday the administration announced a decline in the jobless rate from 18.4 percent in May to 16.4 percent. However, the number of unemployed people in Argentina has increased by more than 500,000 since October 1994. "This is unquestionably a positive development (the lower unemployment rate), but it does not mean that all problems have been solved, not even that they are on the way to being solved," Labor Minister Armando Caro Figueroa admitted to CLARIN.

No sooner had the record jobless rate of 18.4 percent in May been announced than another war began, as if this number had become unimportant. Expectations in the administration and the opposition intensified as they awaited the October number. If the rate continued to climb, the convertibility plan would enter a danger zone, as the opposition would be justified in asserting that the economic model entails a policy of exclusion. The number is now out, and the administration could not hide its satisfaction: the jobless rate in October was 16.4 percent. Apparently, the administration has won the initial battle, the battle of numbers. According to the most recent survey, however, 3,558,000 people have job problems, and almost 2 million are unemployed.

In the view of President Menem, who at the outset of his second term promised "to pulverize unemployment," it is not true that the jobless rate fell because of what economists call the "discouragement effect," that is to say, when people stop looking for work because they cannot find it or can no longer afford to keep looking. Nonetheless, specialists and the Economy Ministry itself acknowledged that the drop in the index can be explained more by the departure of almost 200,000 people from the labor market than by the creation of new jobs.

To Oscar Cardoso, a jobless man from Buenos Aires, the lower unemployment number means nothing. "I have been without a permanent job for a year, and it is harder and harder for me to find odd jobs," he says while waiting in line at the corner of Corrientes and Montevideo outside an ice cream parlor that is looking for a counter person. "Since there are days when I have no money for the bus, I have to get up earlier to look for work on foot."

What Is in Store

Today, when there are signs in the economy that the recession is beginning to end, the question is: What will be the trend in unemployment in 1996, a year when Argentina will presumably again post economic growth?

"The cutbacks pending in many provinces promise to destroy jobs in the interior in 1996, while in the capital and Greater Buenos Aires the situation could improve somewhat, in the best of cases," indicated Carol Pessino, the director of the Center of Macroeconomic Studies (CEMA).

"If the government needs to make cuts in the provinces, the unemployment rate in the interior will tend to skyrocket," agrees Javier Lindemboim, the director of the Center for Studies on Population, Employment, and Development of the UBA [University of Buenos Aires].

Above and beyond the prospects for the provinces, Lindemboim explains: "The phenomenon of discouraged jobseekers will probably not disappear in May 1996, and this will cause the labor force participation rate to hold even or decline. Since we can also assume that the real level of employment will not drop, the unemployment rate will be down from May 1995. However, I do not think that unemployment will fall below the 1994 rates."

Reacting to the euphoria that certain officials expressed when a drop in the jobless rate in the capital and Greater Buenos Aires from 20.2 percent in May to 17.4 percent in October was announced two weeks ago, economists recalled that owing to seasonal factors "over the past 20 years unemployment in October has almost always been lower than in May."

The unemployment rate is calculated on the basis of anonymous surveys that Indec [National Institute of Statistics and Census] conducts in 25 urban centers. The October number showed a drop in most cities. Bahia Blanca, which had the highest unemployment rate exactly a year ago, managed to drop out of the top spots as joblessness stood at 16.6 percent, compared to 20.2 percent in May, and 21.4 percent the previous October. Nonetheless, the lower unemployment rate is explained by a major decline in the number of people seeking work. In Rosario, the index also ratcheted down, as unemployment declined from 20.9 to 18.4 percent over these five months.

In the meantime, Greater La Plata turned in the worst performance of all. Its jobless rate climbed from 15.4 to 19.8 percent, finishing in the number two spot behind Greater Santa Fe, which despite a drop from 20.9 to 20.3 percent headed the hapless list of cities with the most unemployment.

It Is Tough in the Streets

Jorge Rodriguez worked until July as an office boy for a law firm and is now looking through the want ads in the papers. "Even though I finished secondary school it is hard to find work because they do not want anyone over 25 for any of the jobs," he tells CLARIN while in a line of unemployed people filling out job applications.

As the number of the unemployed increases, the outlook for finding another job worsens. Between October 1994 and May 1995 the percentage of people who were jobless for more than three months rose from 43 to 47.7, the highest figure in the past 10 years. "This shows how tough the market and the competition for jobs are," Carola Pessino commented.

In more stable employment years, joblessness was practically seasonal. In 1992, for example, only 27 percent of the unemployed went three months before finding a job. In May 1988 it was 23.8 percent. Now, half of the unemployed go more than three months without finding another job.

According to Javier Lindemboim, the worsening job market can also be gauged by the number of underemployed people who would like to work longer hours. "They increased from three percent in May 1991 to eight percent in October 1995, which shows how dreadful the situation is."

Unemployment changes the outlook of businesses. Wal-Mart says that it receives 90 letters a day from people interested in working for the company. "We reject no one, as they all go into our data bank," says Alejandro Masco, the company's personnel manager. However, 70 percent of the resumes received are from people at the intermediate or upper level who are already employed but are looking for another job; the rest are people who go straight to the stores, and they too are asked to fill out a personal data card. Those who are overqualified for a job must wait, of course. "We would never give a manager a job as a cashier because that would be a mistake both for that individual and for us," Masco cautioned.

Discouraged

The "discouragement effect," according to an Indec poll among unemployed people who have stopped looking for work, can be explained mostly (37.9 percent of the cases) by "job market restrictions," while 22 percent have stopped looking for personal reasons. One-fourth (25.8 percent) of those who are no longer looking are heads of household. More than 35 percent of the discouraged job-seekers had been looking at least six months.

Young people stop looking for jobs the quickest. Forty-seven percent of the discouraged job-seekers were under age 24, while 30.3 percent were between 25 and 44. Women are also more prone to abandon the search, as they account for 59.1 percent of those who have left the job market.

It is not always easy for businesses to find the workers they need, however. According to Guillermo Mondino, the director of the Mediterranean Foundation, barely 30 percent of Argentines finish secondary school. Protisa, a Chilean papermill in Zarate, closes its doors to applicants who have not completed secondary school. This company too prefers young people (the average age of its 250 direct employees is 25) so that it can train them once they are hired. "That is the ideal employee profile for this work," Sergio Balharry, the plant manager, adds.

Youth and education are requirements for getting a job these days, and Esso, the oil company, thinks so too. "We are becoming increasingly demanding of our applicants, because we want our staff to be versatile and capable of taking on different functions even if they have the same job," says Oscar del Globo, manager of the refinery in the port of Zarate. Applicants must be between 25 and 30 years of age (in the case of college graduates), while technicians can apply if they are between 18 and 30.

The Solutions

Relieved by the drop in unemployment, the administration hopes that the building industry will create 750,000 jobs over the next 18 months, thus helping to alleviate joblessness. Yet analysts like Lindemboim add: "The pace of economic growth to which Argentina has to aspire in order to hold unemployment to these levels has to be impressive."

The Economy Ministry is confident that the reduction of employer taxes will stimulate the demand for labor. Meanwhile, the opposition fears that these measures will lead only to higher business profits. In the view of Carola Pessino, "although the demand for labor is far from sensitive to lower taxes, it cannot be underestimated, because history has shown that if taxes on labor are lowered 10 percent, employment goes up three percent, which is not insignificant."

Even though almost 200,000 people have withdrawn from the job market over the past six months, Argentina still has to create at least 300,000 jobs a year, given the increase in the labor force, to keep the unemployment rate steady.

Brazil

Brazilian Senate Committee Brings Decision on Sivam Forward

PY1801211396 Sao Paulo FOLHA DE SAO PAULO in Portuguese 17 Jan 96 p 9

[By Marta Salomon in Brasilia]

[FBIS Translated Text] The Senate's political leadership has decided to expedite the treatment of the Sivam [Amazon Region Surveillance System] affair and agreed to shorten the investigative super committee's timetable for reaching a decision on the project's fate. The new date is 24 January.

This new timetable is aimed at making sure that foreign loans totalling $1.4 billion to finance the project will be approved by the Senate floor early in February, during the extraordinary congressional term.

Senator Antonio Carlos Magalhaes [ACM] (PFL-BA) [Liberal Front Party-Bahia State], the chairman of the super committee which represents over three-fifths of the senators' votes, announced the decision to hasten the vote on 16 January. ACM had said earlier that the super committee would wrap up its work on 7 February.

In fact the decision to speed up the investigation had already been made when ACM and four other senators met with president Fernando Henrique Cardoso [FHC] at Alvorada Palace in the evening on 16 January. Summarizing the meeting, ACM said: "He (FHC) was trying to be nice."

Despite the recent turnabout in the Senate and the efforts of the political leaders, FHC did not know for sure whether he was going to come out of the incident as a winner.

"This issue is not closed yet," Alvares (PFL-ES) [Espirito Santo], who also attended the meeting, cautiously said. He is afraid that the latest trend in favor of Sivam may change at the last minute.

Political leaders estimated yesterday that the contract with the U.S. company Raytheon will be approved by a low margin. Two-thirds of the senators present at the plenary meeting plus one must vote in favor of FHC's proposal for it to be approved (and at least 41 senators must be present).

"I am somewhat confident but I will make no forecasts," Alvares said, worried about his colleagues possible reaction to the administration's overconfidence.

In addition to shortening the term of the supercommittee, ACM asked the TCU (National Accounting Office) to report, formally or informally, within the next 10 days on any irregularities that the office's preliminary investigation has uncovered.

"This report is not essential for the Senate to reach a decision, but it is important," ACM said. The senator met with TCU Chairman Marcos Vilaca, but the position that this office may take has not been disclosed.

Ramez Tebet (PMDB-MS) [Brazilian Democratic Movement Party-Mato Grosso do Sul State], the super committee's rapporteur was invited to the meeting with FHC at Alvorada Palace, and he is already putting the committee's final assessment on paper, even before getting the final word from the TCU.

Tebet said on 16 January that he will not restrict himself to evaluating the loan for the Sivam, most of which will be supplied by the U.S. Eximbank. The super committee's final report will also aim at restricting telephone tapping in Brazil.

It was the Federal Police's decision to tap the phones of Julio Cesar Gomes, the former Planalto Palace chief of protocol, that provided the initial glimmer of influence peddling related to the Sivam project.

The Senate's Back Pedalling

Antonio Carlos Magalhaes, the chairman of the super committee said in December 1995 that the Sivam was dead and buried. Now he has declared a truce for the project and is working for an expeditious solution in the Senate. He believe that the loan is bound to be approved.

Jose Sarney (PMDB-AP [Amapa State]), felt after the contents of the telephone tap were leaked out that the Sivam did not have a chance. He spearheaded an agreement to abrogate the contract with Raytheon. Now he is not attacking the Sivam any more.

Jader Barbalho (PMDB-PA [Paraiba State]), the leader of the PMDB, is an ally of Jose Sarney. Barbalho got as far as to personally ask President Fernando Henrique Cardoso to cancel the contract with Raytheon. He has stopped bombing the project and is keeping a low profile.

Elcio Alvares (PFL-ES), the government leader in the Senate, believes that the reactions against Sivam at the end of 1995, when he went as far as to say that the project would not be approved, were prompted by feelings. He claims that there are not facts that could justify the annulment of the contract.

Brazilian Senator Says TCU Can Suspend Raytheon Contract

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[By Isabel Braga]

[FBIS Translated Text] Brasilia, 19 Jan (AE) — Government leader in the Senate Elcio Alvares (PFL-ES) [Liberal Front Party-Espirito Santo] is sure that the contract with Raytheon will be approved to implement the Sivam [Amazon Region Surveillance System] project. According to him, the statement issued by National Accounting Office, TCU, member Adhemar Ghisi is the government's best guarantee. Ghisi said that the TCU and not the Senate must be the one to investigate irregularities in the project and that the TCU has power to suspend the contract if it verifies irregularities, even after it is approved by the Senate.

"Ghisi's statement puts a final point on the discussions over the Sivam," Alvares said. "If the TCU finds any irregularity, it can impugn the contract and the government will have to obey." According to Alvares, the government is optimistic regarding the approval of the project in the Senate both in the Special Senate Committee whose voting session is scheduled to take place on 31 January and in the Senate plenary on 7 February.

Alvares decided to send a copy of Ghisi's statement to all the senators. "His statement clearly establishes that the contract is endorsed by the Senate and that the message the government sent only switches ESCA [Automation and Control Systems Engineering] for the Sivam Coordinating Commission [CCSivam]," he said. The government is preparing a great offensive for the voting on the president's message on Sivam and the president himself is explaining why he wants it to be approved to the senators and mainly to the pubic.

For Alvares, there is no chance that the summons of Francisco Graziano, former National Land Reform and Settlement Institute (INCRA) president, be approved in the Special Senate Committee. "Senator Antonio Carlos Magalhaes has submitted the decision on whether to summon him or not to the committee, and this is clear in face of the message," Alvares said.

Senator Roberto Requiao (PMDB-PR) [Brazilian Democratic Movement Party-Parana] today read in the Senate plenary, which was nearly empty, a letter Brigadier Ivan Frota had sent to President Cardoso last March and the statement he was going to make at the Special Senate Committee. In the two documents Frota upholds that the great danger of implementing the Sivam is the participation of the U.S. company Raytheon which places Brazilian sovereignty in a "vulnerable" position. "Owing to the immense technical superiority, another country will be able to penetrate into the system by its own means, obtaining information we ourselves do not have access to," Frota states.

Brazilian Government 'Hurry' To Vote on Sivam Criticized

PY1901204996 Sao Paulo FOLHA DE SAO PAULO in Portuguese 18 Jan 96 Section 1 p 2

[Article by Fernando Rodrigues]

[FBIS Translated Text] Brasilia — The Sivam (Amazon Region Surveillance System) is a boring subject, estranged from the interest of most readers. However, it will cost the country $1.4 billion. It is under suspicion of having committed irregularities, and now it is known that it is about to receive a green light from the TCU (National Accounting Office).

Pro-government senators directly looked for the Sivam rapporteur in the TCU Justice Ademar Ghisi. They did what many law experts would condemn: They counseled Ghisi to make a simple, quick, report. Between the lines they asked him to approve the project.

The TCU was asked to express an opinion on the subject on account of a petition made by PT [Workers Party] Senator Eduardo Suplicy (SP) [Sao Paulo]. Preparing a complete report would take some time. Suplicy, who is against the Sivam as it currently stands, has asked for a thorough investigation.

However, the government is in a hurry. The pro-government senators approached Ghisi with diplomacy. They used indirect language. They did not pressure. They suggested that he not carry out an extensive analysis of the project right now because it is very complex. "Present a preliminary report," they recommended.

The TCU is an organization whose justices have a mandate for life. They are appointed to their posts by Congress. It is an organization that counsels the legislative branch. It depends on Congress.

Evidently, Ademar Ghisi has the power to spend the time he wants analyzing the Sivam. However, yesterday he gave a signal showing that he will meet the deadline established by Senator Antonio Carlos Magalhaes (PFL-BA) [Liberal Front Party-Bahia] to make a decision on the subject: 31 January.

This is a curious situation. The TCU is paid to audit the federal administration accounts. The federal government, which commands the federal administration, is interested in speeding up the voting on the Sivam project. Only that the TCU agrees to restrict the scope of its investigation on the subject.

Yesterday during his news conference, President Fernando Henrique Cardoso recommended that the Sivam enemies be humble. He asked them to speak only about the subjects they really understand.

Cardoso's allies should strictly obey what he said: The TCU, which supposedly understands about irregularities, should have all the time in the world to identify whether there is anything wrong with Sivam or not.

Brazilian President Cardoso Holds News Conference

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[Opening statement by President Fernando Henrique Cardoso at news conference with domestic reporters at Planalto Palace in Brasilia; broadcast in progress — live]

[FBIS Translated Text] ...The average inflation rate dropped to 20 percent annually when the country was used to experiencing a 15 percent inflation rate every 15 days. Therefore, a 20 percent annual inflation rate is a satisfactory, meaningful result, something that, by the way, is acknowledged by everyone. We started at a moment in which the inflation rate was quite high — the information is there available for you. You can observe what happened. The truth is that this is the lowest inflation rate since the beginning of the seventies. Inflation will continue falling in 1996 and 1997. We are seeking a policy to control the inflation until we come to a point when we will be able to say that inflation is a matter that no longer worries the Brazilian people. We will then enter into another stabilization system.

What is most important, or just as important, is that the people's purchasing power has increased. I remember when I was finance minister the many discussions about the fact that when we implemented a stabilization plan the economy would not grow and the poor would again pay the price of the adjustment. Such was the criticism at the time. Such criticism nowadays sounds so outdated that I do not want to repeat it because everyone knows that that did not happen. What happened is that the economy grew and the people's purchasing power increased, especially that of the wage earners and the poorest. I also do not need to show you the figures because you have them. The family basket price increased by 3 reals [R] from July 1994 to the present.

The consumption increase figures are available for you. The consumption of eggs increased by 16 percent, of chicken — the national hero, whose position is being currently being disputed — increased by 16 percent; that of canned food increased 40 percent; frozen food increased 90 percent; and yogurt increased 89 percent.

Not only the consumption of food increased. Purchase of refrigerators increased by nearly 27 percent, color televisions by 23 percent, stoves by 28 percent, and cars by 12 percent. Therefore there is nothing to argue about who paid the price of stabilization. The price was really paid by those who used to speculate with inflation. The participation of the financial sector in the GDP dropped substantially.

The administration was forced to cut expenses because the inflation leftovers disappeared and those who were used to making money easily — precisely through inflation, an unfair tax paid by the people — had to adopt different measures because they had no other way to make progress than by modernizing and competing more. This is a fact acknowledged by everyone. Furthermore, the economy grew.

That is another criticism I heard. I say to this, patience, we must be patient the whole time. Catastrophe, they said, a catastrophe will come next month. Nothing, it did not. Everything went on fine for the first quarter of the year, they said, but it will not last a second quarter. They said that because during the first quarter of the year the economy grew so much the second quarter will be bad. Well, the economy has been growing since 1993. There you have the figures which demonstrate that the economy continues to grow. It grew in 1993, 1994, 1995, and it will grow in 1996, 1997, and so on.

We were capable of adopting measures like the ones we adopted. That is, we are adjusting the growth process. We had the courage — I repeat, the courage — to, at given moments, adopt measures that restrained growth when the demand was overheated and when we realized that the supply could not satisfy the demand, creating problems, through the increase of imports, in the exchange balance or in prices which could have increased causing inflation. When such problems turned up, we reduced consumption. There is no use for any industrial sector to protest figures on what is happening with its industry as if it were a general problem of the whole industry.

A government that respects itself and the people adopts the measures that are necessary to guarantee a continuous growth. Observe these charts which demonstrate that our growth in the past went zig-zag. We had excellent results in the seventies, we went zig-zag in the eighties, we fell considerably at the beginning of the nineties, and since 1993 we have been experiencing sustained growth. The per capita growth rate has particularly changed. Although I will not go into the demographic details of the subject, the truth is that the country has undergone a demographic transition. It is no longer a country of young people; nowadays it is a country of adult people, not old. This has been reflected in its effects on the per capita growth rate. This demonstrates that a 5- or 6-percent growth rate allows considerably consistent results in per capita terms.

However, the truth is that in an economy like ours, with the adjustments we are implementing — not at the cost of the people but for the benefit of the people — we have problems like unemployment.

Unemployment problems are commonplace in the world today for reasons that vary from one country to another. Scattered unemployment figures should be more carefully disseminated because they cover a week, a month, sometimes an industrial area, but always showing that there is unemployment, without taking into account the creation of new jobs. Despite those often sensationalist reports that unemployment is sharply on the rise, the IBGE [Brazilian Institute of Geography and Statistics] figures, which are ones we are showing here; and the figures released by the DIEESE [Interunion Department for Statistics and Socioeconomic Studies] for the Greater Sao Paulo area, show that 1995 has had the lowest unemployment growth rate in recent years. These figures are also there available to you.

When one compares the unemployment rate in Brazil with that of developed countries, one can see that our rate is among the lowest ones existing today. This does not mean that the administration is not concerned about unemployment. I will go back to this subject, but I want to state that one must be careful in analyzing figures so that one may not mistake one thing for another, and understand that administration cannot adopt a policy that would not take into account the specific characteristics of the process under way.

Jobs in the service and rural sectors have increased. Jobs have declined in certain industrial sectors. The average unemployment rate has not increased. Yet, a worker losing his job in one sector will not necessarily be employed by another sector. Thus, the administration should address the unemployment issue because it is affecting certain sectors, certain groups. Hence, the administration must also deal not only with the creation of new jobs, but also with retraining the unemployed. I will make further comments on this later.

In any case, I believe it is unquestionable that in the simple problem I am showing here that the figures are positive in terms of what has been done in 1995. As everyone knows, we started the reforms, which everyone described as an impossible task. Up until March 1995, it had been said that the reforms would be impossible to implement. Progress has been made in the reforms through approval of the piped gas amendment, the cabotage navigation amendment, the concept of national company, telecommunications, and oil.

Demands have been made against the administration to enact the laws of implementations. Those making these demands are often losing sight of what is happening. Why? Many of the above constitutional reform amendments, do not require laws of implementation. In other cases, the proposed laws are already in Congress, such as the one concerning cabotage navigation. The telecommunications draft law is already in the Senate, which is the first step. The one on oil is ready and will be submitted soon.

The problem is that we are not dealing simply with supplementary laws focusing on a specific area, but which are directly connected with the structure of the Brazilian state.

I want to take this occasion to discuss privatization: We privatized the steel and petrochemical sectors. This was relatively easy because these were companies incorporated into the state. We are now going to enter a new stage. We will have to deal with problems concerning ways of creating conditions for investment and expansion to meet public services: distribution of energy, water, and gas. These are public services. This is different from privatizing a company.

In order to adequately privatize the area of public services, it will be necessary to rebuild the structure of the state. For instance, we must have a national power and energy department, which would be competent and adjusted to the needs of a modern world, and of a modern state, and to the needs of Brazilian society, so that we may grant concessions adequately. It does not mean simply selling a share of Light [Power Services, Inc.] or Escelsa [Espirito Santo Power Plants, Inc.]. Light is in the process of being privatized. Escelsa has already been sold.

This does not exhaust the problems we are dealing with and which entail the reform of the state apparatus. This reform cannot be implemented through laws alone, but through the reorganization of the bureaucratic structure, which depends on the administrative reform. Otherwise, we would have our hands tied by the Constitution and we would not be able to create more effective mechanisms involving the recruitment of better qualified personnel, and thus, with different wages, because they would all be subjected to the same limits imposed by a single legal system, and by bureaucratic rules designed not to change anything in Brazil to keep things. These rules are designed to keep the state swelling and swelling until some day, who knows, it might burst.

To prevent this from happening we are going to implement the necessary actions so that the state may not continue to swell and ultimately explode.

The fact is that we are changing the profile of the state, which has shifted from the role of owner to the role of regulator. This does not mean that the state will get rid of all of its assets, but that, in general terms, it will stop acting as the owner of companies operating in productive areas to become a body that regulates and monitors activities. This will require a new structure of the state, which is being implemented. This is a process that requires a change in the mentality and thinking of the people. It entails pedagogical persuasion that cannot be implemented through a presidential decree or through a draft law submitted to Congress. This is a process that is under way. Without this major effort, things will not move ahead.

I want to clearly state here that these changes — I will later again refer to the subject of the importance, the reason, and the urgency of the reforms — are not being carried out only to allow us to have good economic performance. It is essential to also apply a new social policy. I will not speak now of the social aspect. It is not appropriate to mention it in this introductory speech. At a more appropriate moment, in February or March, I will present to the country a broader social program. Evidently, we clearly had the option of maintaining the growth rate, implementing an innovative stabilization process —which began with the URV [Real Value Unit] that was not intended to restrict economic growth or the distribution of income — at the same time we attended to the priorities of the lower-income people.

I got tired of listening to the criticism: Oh, very well, he is stabilizing the economy but the social aspect must be attended to. You must learn of what is being doing in the social aspect. Read the figures there. We doubled our expenses with health. Was it enough? This is why we are asking for more resources for health and no matter how horrible a tax is, no other way has been invented to raise funds for the administration and for the poor than by taxes.

Therefore the truth here is that we have really doubled our expenses with health. What are we basically doing in the field of health? We are combating frauds. Health Minister Jatene has said this many times. You must write down as an objective that fraud must be combated.

However, the essential issue is the community health agent, whose program is being developed and expanded. The essential issue is the program to reduce infant mortality rate, the free milk distribution program, both of which are being implemented. The Community in Solidarity Program is acting in these fields in an innovative manner. That is, it is no longer an agency that operates in parallel with the ministries to carry out social actions. It is an executive secretariat that is expediting resources, controlling and verifying the programs that are implemented, and it likewise promotes action by asking civilian society to complement these efforts. This is why the Community in Solidarity Council does not act within the administration but it rather calls its attention, through society, to certain programs like the one that will begin next week: the University in

Solidarity Program, by which 1,000 students will go to the poorest areas of Brazil. They will be organized and trained to give assistance, even in the field of health.

But I do not only want to speak of health. In the field of education — I do not need to insist much in this field because fortunately in the recent past I was able to call the attention to what we are doing in the field of education. I began the year as president by giving a class in a primary school in the interior of Bahia State. Why did I do this? To call the people's attention to the problems of primary schools. Of course I was evaluated to see whether I got a six, seven, eight, nine, or 10. I am not a primary school teacher, but I would have liked to be one if the salary were better. However, I went there to get the people's attention. That is not enough. Why? Because teacher salaries are not enough.

Therefore, what are we doing? We are implementing a program to raise the value of teachers. An amendment on this subject is Congress. This program will establish a floor — well, not really a floor — but an equal distribution of funds among the poorest municipalities in such a manner that they will be able spend at least R300 per capita in the whole country and that teachers will earn an average R300.

This is being carried out for the benefit of poor communities because they have no resources. Therefore, we are transferring resources to them. The federal administration will put in resources to complement the poorer areas. Therefore, we are looking after the education and health of the poor through direct mechanisms like the Teacher Valuation Program and the Teacher Television Training Program through which 40,000 training centers have been set up.

We have also done our part in rural settlements. You can complain all you want but 42,000 peasant families have been settled. They have property titles and they are receiving assistance. When I received the INCRA [National Land Reform and Settlement Institute] list of the RG [expansion unknown] and CPF [Individual Taxpayers Register] of each of the settled families I called the media and placed the list at their disposal. You can see they are really 42,000 families. It is not my fault if the movements that deal with this issue do not have nationwide information. I am not carrying out an agrarian reform for the MST [Landless People's Movement], I am carrying out an agrarian reform for Brazil. For Brazil we have settled 42,000 families and in 1996 we will settle 60,000 families.

Furthermore, we made a great effort with the PLANAF [expansion unknown], which is a program for the poorest rural families. It is an innovative plan. Thanks to an agreement reached with the Contag [National Confederation of Farm Workers] for the first time we distributed funds that will be directly applied on the new settlements.

This means that, in 1995, the administration addressed social issues without demagoguery, without political patronage, and without concealed interests. It will continue to do this in 1996. The news here is that our mentality has changed.

For instance, housing and basic sanitation programs have been stagnant for four years. Through tough reorganizational measures, the administration is revamping the Federal Savings Bank [CEF] and the Bank of Brazil [BB]. The fact that the BB is beginning to collect loans from its borrowers has provoked a certain degree of tension.

Well, the CEF has resumed its housing and basic sanitation programs. There is money available. What is the problem then? There are several problems. One of them is that we no longer want the money to be distributed through pressure, whether motivated by political patronage or not, exerted by intermediaries, even if these were qualified ones.

We are not going to expect congressmen to help us distribute money in each region, but to formulate and to criticize policies. There are organized councils in each community designed to distribute resources. These councils consist not only of government officials, but of representatives of society. Initially, this would take more time, but it will ultimately preclude corruption and the misuse of funds, and will discourage political patronage. This means changing the state apparatus. Just as the SUS [Unified Health System] entails a change in the state apparatus in the health area, the housing program also entails a change.

We have other difficulties: For instance, we have a list of those who are not up-to-date in their payments with the administration. Naturally, the poorest communities are the ones that are often put on this list. There are city governments that often have problems keeping up-to-date with their accounts. This provokes a certain impasse because we cannot assist them precisely because they are behind in their payments with the federal administration. We are trying to resolve these problems. There are problems, but we are tackling them with tranquillity and firmness.

The fact is that today we are beginning to flavor a sense of stability. Perhaps, most Brazilians may have never experienced the feeling of living in a economy that is not undermined or devastated by inflation; and that they may start calculating and learning how to spend their money, and how to live on a budget, and to know what to do. This paves the way for planning and, to some extent, it also promotes other aspects of national peace.

As everyone knows, I made great efforts regarding party alliance before elections, and I maintain my opinion. Yesterday, I lunched with the PMDB [Brazilian Democratic Movement Party] leader. Newspaper reports have given the most unbelievable reasons for my going to see the PMDB leader. I have gone to see him because I need the PMDB. It is indeed Brazil that needs the PMDB because the PMDB has helped promote stabilization, the Real Plan.

I did the same thing with other parties such as the PFL [Liberal Front Party], with my own party, and with smaller parties such as the PTB [Brazilian Labor Party]. Why did I do that? Because I believe it is paramount for us to effect changes in Brazil to ensure an atmosphere of stability and calm, and to promote a convergence of opinions; and to give sustenance to the reforms, which should be based on mutual confidence.

How many times have I denied rumors about cabinet changes? I have done it based on the same reason. Things will not improve by implementing changes all the time. Things will get better if the people themselves make demands; if they are persistent and either criticize or encourage and applaud government actions. I have practically made no changes in my cabinet.

How long has it been since Brazil had a democratic government in which politicians legitimately contend that parties are entitled to a share in the administration and, notwithstanding this, the administration negotiates, confers, and gives explanations, but it does not change its cabinet because it believes it is more useful to create more stable tenures in public office, more stable expectations, even though improvements can be made here and there.

It is not a question of conformism, let alone fear, as to what the change could bring; or of fear that the change could provoke effects in one way or another in Congress. The reason I hold a position of backing my ministers is more profound than that. Thus, I do not agree to frying anyone — besides, I do not know how to cook. I do not see any reason to frying anyone. On the contrary, I believe that the main thing is that we create the feeling that the country is on course, that the country is stable, not only economically, but also politically.

We can sense that the people now feel that Brazil is on a set course, and they are beginning to have confidence in themselves and in Brazil. In 1996, we of course need to expand some of the achievements I mentioned here. We have to consolidate the real. This is undeniable. We must also invest to grow, and to grow amid a better distribution of income. I believe this is quite clear.

In 1996, the administration hopes to continue with the process of economic progress through increased investments and savings. The savings rate has dropped to untenable rates in Brazil. A few years ago, it stood at 13 percent. In the 70's, it was as high as 23-24 percent. It is now standing at 18 percent following our small recovery. This is still low. We must increase investments and savings.

The other day I quoted writer Barbosa Lima Sobrinho, who is a rather strong critic of certain aspects of our economic policy. Yet, I endorse one thing he said: capital funds should be raised at home. We do not close doors to foreign capital. On the contrary, in 1995 we received $3.5 billion in direct investments per calculation of the Central Bank. We will receive more investments this year. We want more investments this year.

However, sustained growth depends on the increase of our domestic savings rate. We need to balance our public accounts. Hence the need for the reforms. It must be clearly stated that there has been a reduction in the balance of our public accounts. [as heard] This reduction has not been large on the part of the federal administration. Last year we registered a primary surplus, but not an operational one. This worries us and we will revert this situation. The situation of the states and municipalities is worse yet because their situation worsened. If we compare this deficit with that of other countries, its increase was very small. This, however, is no pretext to say: Oh, then it was because the interest rates increased. No, this is not the case. Our concern is to maintain our public accounts balanced.

The reason for which it is difficult to balance our public accounts is that we lack a state reform. Why must we reform the state and what relation does this have with our unbalanced accounts? It is because for the first time — look at the chart that demonstrates this — and despite the increase of the gross tax burden which increased from 16 percent in 1986 to 20 percent in 1995 in real terms — you also have the figures there — we registered an imbalance in both the social security system and in the federal administration accounts.

We are concerned with the social security system. The gross tax burden this year reached to nearly 30 percent of the GDP while the federal administration revenues increased by 17 percent. However, look at what happened with the benefits paid by the INSS [National Social Security Institute] as stated on page 11 of the text I guess — I am not sure — you have there. You can verify that we are paying more than what we are collecting. Hence the imbalance of the social security system.

What are the causes of the deficit? I have a chart that demonstrates this perfectly well. It is that expenses with federal administration personnel increased from R20 billion in 1991 to R36 billion this year. Last year expenses with personnel amounted to R28.4 billion. Therefore, expenses with personnel increased considerably.

The same case happens with the benefits paid by the social security system. Benefit payments increased from R17 billion to R32 billion. From last year to this year, that is from 1994 to 1995, they increased from R25 billion to R32 billion. That is nearly R6.5 billion plus R5.5 billion, which adds up to R11 or R12 billion of an increase of expenses from 1994 to 1995. Interest rates increased from 8.5 to 11.9 percent. The gross part of the imbalance of accounts does not derive from the interest rate increase, even though they are high but they began to drop and will drop further.

This chart shows very well that if the gross part of the imbalance of our accounts were the consequence of the high interest rates — which was only a monetary policy instrument — it would have been much easier to balance our accounts. However, it is not easy to do so because this really implies a personnel and a social security policy. Therefore, in order to face these problems we need the reforms.

I am happy at the recent past agreement over the social security reform. I am very happy. I hope it will become true. Some countries cannot reform their social security systems. While other countries are submerged in a social security crisis, we here managed to obtain the necessary support for it, not only in Congress but in our society without anyone contradicting the other. This means that Congress is sensitive to the needs of society. The congressional blocs that do not follow up this trend are — my God — playing a role that will not be their best in history. Thus, I think that the agreement reached in this field is very positive.

I said so many times that the social security reform would be carried out, not to benefit my administration, since there is no time — this reform takes time to show its effects — but to benefit the country. The agreement over the social security reform reached and maintained by all the labor unions — and I hope the majority of Congress and the administration as of now on — may not solve all the problems of the social security system, but those who think that it was a mere cosmetic agreement are wrong. It is not. It has been a well thought out, discussed, analyzed agreement. It increases the responsibility of those who made the decision and who now know that without contributing there can be no retirement or benefits because we will incur a public deficit as demonstrated here by these figures, and that the requisite of 30 or 35 years of contribution is fair, perhaps fairer, than retirement based only on years of service.

To speak the truth, there is a certain relation between the two retirement systems. Therefore, it is a positive agreement that overcomes the acknowledged problem posed by retirement based on an age limit which could have harmed the interests of the poorer workers. No, this is not the case. However, if you look into the agreement, you will see that the agreement guarantees a favorable transition for the public accounts which are under the current pressure: Expenses with retirement pensions and benefits within the public system are increasing from 44 to 46 percent. This will soon totally make the public accounts unfeasible, not allowing the government to honor its commitments.

There is also the situation in the states. Most states spend more than 80 percent of their budget to meet payroll expenses, a good deal of which is devoted to meeting social security obligations, including early and privileged retirement, accumulated salaries, and high remunerations. The above-mentioned measure will modify this situation.

The Social Security reform needs to be approved. The administrative reform, on which the rapporteur is working, so that we may also reach an understanding leading to its approval. This will permit us to have, in 1996, a clearer picture of the Brazilian future. Yet effects will also be felt in the immediate future. We will then eliminate a source of permanent concern related to the excessive Brazilian cost, which is reflected by spreads [preceding word in English] and by the lack of control of the organization of the public sector. All this will end, and it is very important to put an end to it.

All this will consolidate what has already been started, which is the interest rate drop. I have here the corresponding data. You can see that overnight and Selic [Computerized System for Surveillance and Liquidation] rates have consistently dropped throughout the year. The rates are still dropping and will probably continue to drop. Why do I say probably? Because the monetary policy is not something that is done independently from circumstances.

I reiterate that the government will have no problem at all in adopting the necessary measures. I hope no measures will be needed, but if we have to adopt them we will go ahead, as we did in March, because we have a historical responsibility. We are not committed merely to those who shout now and then. We are looking at the future, at the horizon, at what will happen with Brazil.

We also need the tax reform. I have many times heard people saying that the government has abandoned the tax reform. It is not true. I myself recently insisted and I will reiterate it now. We can implement the tax reform. The basic objectives of this reform is to exempt investment, farm production, and exports.

I will give no details. You can see here the instruments and even the proportion to which we are proposing the reduction of the tax burden on basic basket products, on investment — until 1996 — on the purchase of equipment for investment projects, and on exports. You can see that this is very consistent and that the tax reform will facilitate another essential objective that we will consolidate in 1996, which is the reduction of the Brazil cost.

People will say that none of this is new. The new feature is our persistence, our serenity, the fact that Brazil now has confidence in itself. The new feature is the awareness that the government will make no unforeseen changes, that it will not frighten anyone, and that it will not be afraid of any reaction occurring here or there. The government is aware that it has the support of people, of society, and that it is leading the country along the right course.

We do not say this out of insolence, or because we do not want to admit that we make mistakes — we made several mistakes, as I myself said on several previous interviews — but because we are engaged in a permanent dialogue, taking action on what we feel that society wants; because we have not hesitated in making concessions whenever it was necessary to do it, even when — so to speak — we were convinced that it would have been better not to yield. Yet if political conditions are not appropriate and if people are not personally convinced of a decision, it is better not to make it, instead of making it through an imposition that will last a short time.

This is what we will do. We will continue with privatization, with the state reform, and we will significantly increase savings.

The social security reform is incomplete for this purpose. We will soon submit to Congress another resolution, which is not provided for in the Constitution, to strengthen capitalization funds, without which it will be impossible to increase our current 18-percent savings rate and reach the desirable rate of 24 or 25 percent.

We will do that so that we may more calmly envision the growth of investment. I reiterate that investment will come not only from the private sector and from the government — whenever necessary — but also from foreign sources. Only in this way will we have sustained growth, increasing the savings rate, reducing the interest rate, and increasing investment.

All this will not begin from scratch. Investments are being made. If you took the pain to analyze it, and if Brazil were more keenly aware of it, it would be possible to see that Congress is analyzing the five-year investment plan, it would be possible to see our expectations for 1996.

Everyone says more jobs are necessary. I agree. No jobs can be created without investment. Yet other modifications are also necessary in order to facilitate investment and the hiring of manpower, for example, in payroll expenses.

We will take action. It will not be easy. There will be reactions, but we will also face it.

The Family Farm Program, Planaf, which I have already mentioned, is very important for promoting development.

Support for small and medium-size enterprises is also important, along with the regulations for the advantages for those enterprises.

We should also mention the support the Industry and Commerce Ministry is giving to handicraft production centers, to create more investment opportunities. We have also selected 18 centers that will expand exports because, in today's world, we must promote both the medium- and small-sized companies, as well as creativity even among handicrafters to promote exports. Exports play a pivotal role in transforming emerging economies. Thus, Brazil is adopting measures to reduce the cost of exporting.

We are going to continue to tread on this path, which will be instrumental in creating more jobs in those areas in which there is less wealth and more manpower available. I should also state that, as I mentioned earlier, the Labor Ministry trained this year 200,000 workers through agreements with the states. This is a modern way of working: Training is no longer done by the federal administration, but through agreements. The Labor Ministry is scheduled to train this year nearly 900,000 workers because we must reconcile the payment of jobless benefits with the training of workers. This way we can avoid fraud in the payment of jobless benefits. Through an agreement with their employees, some companies release the FGTS [Severance Pay Fund] in exchange for part of the jobless benefits paid to the worker, who will thus continue to work in the company. This will no longer happen now. We are going to make sure that the unemployed worker be trained and, while he is being trained, he cannot be the target of that maneuver of false unemployment.

We are going to continue emphasizing spending in the social area. These are not words, but facts. What needs to be done is being done in the area of sanitation, housing, education, and agrarian reform, without problems for low income sectors. This cannot be done if we lack the ambition to make large investments and to achieve growth.

In the area of energy, we signed contracts amounting to R2 billion to resume construction of unfinished hydroelectric projects. As we promised, we are already taking action on some of the highways. Work on the BR-101 highway, the famous BR-101 that links the southern Brazilian region, is already under way. In coordination with state administrations, the federal administration is supplying funds to cover certain segments of the project, which will be completed with an IDB [Inter-American Development Bank] loan, by virtue of a contract which will soon be signed to complete the project.

We have also started work on the Fernao Dias highway. Despite the difficulties stemming from the reorganization of the state apparatus, the transport minister was able not only to start the projects involving the Fernao Dias highway, the Br-101, and others I have not mentioned, but to grant the Via Dutra highway under concession for maintenance work to the private sector. The Transport Ministry also granted concessions regarding the highway that goes to Juiz de Fora [Minas Gerais State]. It granted several concessions, between four and five.

I always wanted to build the BR-174 highway linking Manaus with Venezuela. It is being built now. It took me two years to obtain support for CAF [Andean Development Corporation] here in Brazil. CAF is already prepared to finance part of the highway from the Venezuelan end.

Petrobras has already completed studies of the Puru-Jurua, Urucu-Jurua projects and we are going to start using natural gas in northern Brazil as a source of energy.

Eletrobras [Brazilian Electric Power Company, Inc.] has already completed studies and it is scheduled to start in 1996 a segment of the transmission line from the Tucurui plant to supply electricity to the Para region, which has never received a watt of energy from the Tucurui plant, which has primarily supplied energy to export production efforts in Maranhao, not in Para State. These are just some examples.

Regarding dam projects in the northeast, which have been high on my list of priorities, action has been taken to resume construction of the Castanhal project in Ceara State, which will be three times larger than that of Oros, and I hope to finish this project during my tenure; that is, three years from now. I can say the same thing about the construction of other dams. I have already requested that an earnest effort be made to study the issue of the diversion of the Sao Francisco River. We cannot go on for ever without addressing the issues: Is it feasible or not? If it is, let us do it. If it is truly adequate, let us implement it. If it is not adequate, let us shelve it. Instead, we are still dragging our feet.

In the states of Sao Paulo, Rio de Janeiro, Minas Gerais, and Rio Grande do Sul, the federal administration has dealt with major issues affecting the financial situation of these states as a result of problems affecting state-owned banks and of their debt in bonds. These are strong states which are recovering.

In Rio de Janeiro, we did more than that. The chemical-gas project is a fait accompli. Investments will be made immediately. The same thing could be said about the Sepetiba port project, as well as regarding Teleporto, which is a telecommunications center project. Everything that I promised there has been done. From now on, all that it will take is efficient work because funds are available and there is a political decision.

In Rio Grande do Sul, we doubled the size of the petrochemical center. It has also been done. It is now a matter of carrying it on, of taking action. We resolved the problem involving the Candiota power plant project, which is an urgent matter for generating power in Rio Grande do Sul State.

We resumed the waterway project basically near the Madeira River, in the Araguaia River. Finally, the Brazil cost; that is, efforts to reduce the cost of transporting export items, operations in ports. We are now concluding a registration of ports. There are already many ports operating as free, private ports. There are several, more than 15. All this has been done.

All these activities should be taken into account some day, so that no one may think that the administration is limiting its efforts to bring about reform in Congress. It is doing all these at the same time. There was so much to do to rebuild investment funds, to promote confidence in our ability to take action, and partnership with the private sector, and thus truly to move on.

We redid everything we could in the farming sector. Interest rates had skyrocketed for years. During my electoral campaign, I promised that I would eliminate the TR [Reference Interest Rate]. I did eliminate it. Interest rates for the farm sector were reduced to acceptable and to even below acceptable levels. We gave two years of grace period to facilitate capitalization in agriculture.

Summarizing, Brazil will not change through the mere enforcement of laws, but through action, with determination.

Before concluding my statement and starting to answer your questions, I would like to say that I will not disregard something that has always been very dear to me. Even though it might seem difficult, we are working on it. It is the National Human Rights Plan. A commission created by the Justice Ministry, and Dr Paulo Sergio Pinheiro, are working on an initial proposal that they will submit to me, so that we may effectively take a step forward in human rights, in the fight against violence, and in the effort to control abuses by the state and by society.

I also have the satisfaction of telling the country that the cultural area, which cannot be sidelined, has been revitalized. This process has already started. President Itamar Franco gave strong incentive to the national movie sector, and we can now see the results. I myself, whenever I can, see the movies. I have already seen some good Brazilian movies. We doubled the allocations for the cultural area, and we will continue in that direction.

Concerning the recovery of our traditions, state-run companies — which several times invested money abroad, even in Europe, for unnecessary advertisement or for contests that did not benefit our country — are rebuilding churches, promoting theater activities, and engaging in a national cultural renaissance.

All this will be done with an even stronger impulse in 1996, with the broader experience of a new approach on the part of society and of the government.

As I said, we will strongly concentrate our efforts on the education sector, whose course we have already modified. We will now tackle the professional education problem. We will tackle the problem of the financial independence of universities, which should be responsibly managed, not like a blank check to be paid by the Treasury. This is how we will work.

We have approved significant laws for this purpose, and we also laid emphasis on elementary school education.

Summarizing, I am strongly confident that we will continue to move forward with the support that Congress has never refused to give me — quite the contrary — and with the permanent willingness to explain what is being done, to listen to people and to promote dialogue. I am strongly confident in the success, not of my government, but of Brazil.

Now I will be very pleased to answer your questions.

Brazilian Negotiations With Debtors Underway

PY1601141696 Sao Paulo GAZETA MERCANTIL in Portuguese 9 Jan 96 p B5

[Report by Maria Helena Tachinardi]

[FBIS Translated Text] Brazil is trying to obtain $5.7 billion from 50 debtor countries, most of them African and Central American. This is by no means a small amount: It is equivalent to the Communications Ministry budget for 1996 (5.6 billion reals [R]), and it is close to the R6 billion that Health Minister Adib Jatene wants from the Provisional Tax on Financial Operations (CPMF), which is the tax on checks.

On 5 January, Brazil rescheduled the Surinamese debt, which amounts to approximately $69 million. The bilateral agreement will be signed on 10 January in Brasilia, during a ceremony attended by Surinamese President Ronald Venetiaan.

Collecting debts is not an easy task. Several African countries have not even answered Brazilian requests for consultations on rescheduling their debts. They are in a such a difficult financial situation that rich creditors — members of the Group of Seven (G-7), among them some formerly colonizing countries — have pardoned their debts.

For example, the Paris Club — in which creditor governments are grouped — pardoned 90 percent of Nicaragua's debt. With the worsening debt crisis some years ago, the Paris Club created several alternatives to resolve the situation of countries according to the level of their difficulties and their economic profile.

The so-called Naples Menu is one of the most favorable: It allows for a 67-percent reduction of the debt owed by poor countries, extended repayment periods, and advantageous interest rates. Government sources explained that Brazil signed an agreement under the Naples Menu pattern, but it has been unable to reduce the debts because of legal problems. The Finance Ministry attorney's office is studying a bill to be submitted to Congress, which allows the country to implement the Naples Menu.

A member of the Foreign Credit Evaluation Committee (Comace) has said that Brazil wants to reduce the debt owed by some countries, like Senegal and Nicaragua, and recover at least part of what it lent. Comace comprises members of the Finance Ministry, the Planning Ministry, the Foreign Affairs Ministry, and of the Central Bank (BC), the Banco do Brasil, and the Brazilian Reinsurance Institute (IRB).

Nicaraguan President Violeta Chamorro has repeatedly asked President Fernando Henrique Cardoso to enable Brazil to pardon the Nicaraguan debt. Even if wants to, the Brazilian Government cannot do so because of legal problems. To compensate for a lack of legal instruments for reducing some debts, Brazil has extended repayment terms at interest rates that are lower than market rates.

Comace will this year send missions to Africa to try to renegotiate debts that are difficult to recover. One BC source said: "It will be a bit of a 'safari.' We will concentrate our negotiations on the more difficult countries." Within the Paris Club context, Brazil and some of its debtors (Senegal, Gabon, and Guinea-Bissau) have signed multilateral documents of understanding, promising to return the debt under advantageous conditions. Now, according to Comace sources, those "agreed minutes" [preceding two words in English] must be implemented on a bilateral basis.

Brazilian officials, who are more accustomed to negotiating on behalf of a debtor country, are learning how to negotiate on behalf of a creditor country. They know what they are doing. They suggest that debtor countries should do what Brazil did, that is, resort to the international community to renegotiate their debts, obtain more credits, and improve their image.

The largest debt — $2.4 billion — is owed by Poland. This debt was renegotiated in 1991 after the famous case of the "polonetas" [international nonnegotiable commercial papers with which Poland paid for Brazilian imports]. This debt stood at $4 billion in the 1980's, when the Warsaw Government declared that it could not repay it. In February 1995, when then President Lech Walesa visited Brasilia, President Cardoso said the controversy over the Polish debt was "over." Government sources have said Poland is up-to-date with its financial obligations.

In 1992, debt rescheduling agreements were signed on the basis of negotiations between Brazil and Poland within the Paris Club. Brazil agreed to reduce the debt — though not the nominal debt — by 50 percent. The debt was reduced by extending the repayment term and by reducing interest rates.

Angola owes Brazil the second largest debt: $930 million. This debt causes no concern because Angola has petroleum. In August 1995, this country rescheduled an overdue debt of $436 million, which will be repaid over 15 years, with five years of grace, at an interest rate equal to Libor [London Interbank Offered Rate] rate over a six-month period plus 0.9 percent.

Angola promised to make eight oil shipments per year, twice per quarter. The Angolan debt is partly being repaid with the oil shipments. The Angolan enterprise Sonangol offered the product to Petrobras [Brazilian Petroleum Corporation]. If Petrobras believes that the price and the conditions of the deal are advantageous, the Brazilian enterprise will buy the oil and deposit the corresponding price in an "escrow account" [preceding two words in English] (an account for bilateral reciprocal compensation). If Petrobras does not buy the oil, Sonangol will sell oil on the international market, and transfer the funds to the same account. Part of the payment is used to buy Brazilian products.

Mozambique owes Brazil the third largest debt: $307 million. This debt was rescheduled in 1992, and it should continue to be repaid with Brazilian debt certificates which are bought at a discount on the international market. Brazil accepts the certificates at their nominal value.

A Central Bank source has said: Brazil has cautiously negotiated with its debtors. If one of them discontinues payments, it loses the chance of obtaining a line of credit of the Export Financing Program (Proex).

Chile

Chilean Foreign Minister Views Lima Conventions

PY1801162896 Santiago EL MERCURIO in Spanish 17 Jan 96 pp A1, A9

[FBIS Translated Excerpt] Foreign Minister Jose Miguel Insulza has demanded that the Peruvian Government state if it is willing to submit to Congress the Lima Conventions for their ratification or if it just wants to ignore the agreements that were signed by the two countries on 11 May 1993.

Insulza said: "The Lima Conventions were signed by the foreign ministers of Peru and Chile. If the Peruvian Government wishes to annul its adherence to the document, it must first notify the Chilean Government of this decision."

Within this context he reiterated the Chilean decision to not accept a renegotiation of the agreement reached in 1993, because it establishes delicate balances.

He said that Chile remains willing to discuss aspects of the Lima Conventions, which seek to solve pending issues of the 1929 Treaty.

Insulza said that Chile has always been willing to fulfill, in good faith, the pending issues of this international document, specifically the commitments contained in Article No. 5 of the 1929 Treaty and its complementary protocol. [passage omitted]

This attitude — which may have been out of spite over the Arica municipal hall's decision to finish the Panamericana highway by paving the portion that crosses "El Chinchorro" — led to the Peruvian Foreign Ministry early this month delivering a memorandum to its Chilean counterpart proposing how to resolve the pending issues of the 1929 Treaty, but without referring to the Lima Conventions.

The content of the memorandum, as well as the failure to mention the 1993 agreements, strongly surprised Chilean authorities.

Yesterday Insulza said the Chilean Foreign Ministry is assessing the Peruvian note and reiterated that he will take all the time necessary to answer it.

He disclosed that there is certain unrest within the Chilean Government because most of the Peruvian memorandum was leaked to the Peruvian media in Lima.

As an example he noted the inconvenience if Chile were to act in the same way over a note to Argentina on the agreement establishing the limits in the Southern Continental Glacier.

Insulza commented: "If tomorrow I were to send the Argentine foreign minister a note mentioning the grounds on which Chile would be willing to negotiate the Southern Continental Glaciers issue, he would obviously ask me: 'Look, what about the treaty we signed in 1991, is it still valid or not?' In other words, he would ask me what we are doing with it, whether we will submit it to Congress. This is what we find strange."

He elaborated by stating that the failure to mention the 1993 treaty surprises the Chilean Foreign Ministry, because the Peruvian note refers to issues related to the Lima Conventions, it makes proposals regarding the conventions, but it never mentions them.

He said: "First we must establish if the Peruvian Government is willing to submit the Lima Conventions to Congress. That is the first thing we must know."

Insulza believes the Peruvian memorandum is unclear because it can be interpreted two ways: First, that the Peruvians propose modifying the Lima Conventions; and second, that by not mentioning them at all they are telling us they are ignoring them and that new negotiations must be carried out.

For this reason the foreign minister insisted that Peru must officially state which path it will take.

Should it have decided to renegotiate, Insulza would have reiterated Chile's agreement in 1993 to not renegotiate the Lima Conventions.

Minister Insulza believes Chile has fulfilled its commitments stated in the 1929 Treaty to build and make operational the services it must place at Peru's service.

He stressed: "We have stated, in every possible way, our willingness to place those three services at Peru's disposal as established in the treaty. If Peru now wants to receive them it is not an urgent problem for us. We have waited long enough. It does not affect us. The fact that Peru is not taking over these installations is not causing any problem and, therefore, there is nothing more for us to do. We are not going to renegotiate now." [passage omitted]

Insulza stated: "We have said we are, and continue to be, willing to define whatever is necessary of the Conventions, to clarify and make the necessary additions. But we will not renegotiate the Conventions. I maintain this stance: We will not renegotiate the Lima Conventions!" [passage omitted]

The foreign minister made it clear that this is not a border issue, although during the past weeks some people have confused issues and made mistaken comments which he termed "dangerous."

He also corrected those who maintain that the Arica municipality has paved a portion of Peruvian territory, referring to the work carried out on the portion of the Panamericana highway that crosses El Chinchorro.

He added: "That is Chilean territory, fully Chilean and the limits with Peru have already been established."

The mistaken comments stem from the fact that many people are confused: El Chinchorro is owned by the Peruvian Government, which does not mean it is part of the sovereign territory of that country.

Returning to the pending issues of the 1929 Treaty, Insulza said renegotiating the Lima conventions means altering the established balance in those agreements and, in his opinion, the Peruvian Government must decide, for once and for all, what it is going to do with those agreements.

He said: "We have signed a treaty with Peru. We have submitted it to Congress but the Peruvian Government has not submitted it to its Congress. It withdrew it from Congress and did not return it. We have every right to ask the Peruvian Government to state what it is planning to do with the Lima Conventions. [no closing quotation marks as published]

Insulza said: "By signing the conventions, patiently waiting for the Peruvian Government to decided whether or not it will submit them again to Congress, by approving them — even by our Senate — Chile has given sufficient evidence of its full willingness to fulfill, in good faith, the commitments of the 1929 Treaty."

Chile's Insulza Upholds Laguna del Desierto Ruling

PY1901161796 Santiago EL MERCURIO in Spanish 18 Jan 96 p C1

[FBIS Translated Excerpt] Valparaiso — During a secret session attended by Foreign Minister Jose Miguel Insulza, the Senate discussed, for more than three hours, the reports drafted by the Senate Constitution and Foreign Relations Committees on the legal flaws of the Laguna del Desierto award ruling. These reports conclude Chile is entitled and obliged to appeal the ruling of Spanish expert Rafael Mata Olmo because there are sufficient grounds to request his incompetence.

These reports, which were drafted only by senators from rightist parties, were requested through an agreement that the Senate issued in October. The Senate had requested that the two committees establish the legal faults of the rulings and suggest the actions to be undertaken.

According to legislators from the ruling Coalition of Parties for Democracy [CPPD], Foreign Minister Insulza categorically refuted the proposal made yesterday by RN [National Renewal Party], UDI [Independent Democratic Union], independent and institutional senators by resorting to "indisputable and emphatic" background information supplied by the same legal experts mentioned by the legislators. Insulza alluded to Chilean Government documents of 1978 which support the same theory upheld today.

Insulza said this is a closed issue and that there is nothing more that can be done. He said the Spanish expert had worked with full power and authority.

Furthermore, CPPD legislators described this debate as "aberrant" and alleged that the opposition only sought to put the foreign minister and President Frei's foreign policy "on trial." [passage omitted]

Opposition, Leftists React to Chilean President's Speech

PY1701235596 Santiago EL MERCURIO in Spanish 14 Jan 96 p C3

[FBIS Translated Text] President Eduardo Frei's address to the nation, in which he said state modernization is the main goal for 1996, prompted criticism from the center rightist sector, the Socialist Party [PS], and Communist Party [PC] while the Christian Democratic Party [PDC] and the Party for Democracy [PPD] voiced full support for the chief of state's speech.

The Independent Democratic Union (UDI) believes the speech contained "worrying" vacuums related to corruption, foreign policy, and agriculture.

It also criticized that fact that "political issues prevailed over social issues" which, in the opinion of Deputy Juan Antonio Coloma, UDI Secretary General, means "repeating the same mistaken recipe used during 1995."

Coloma added that the UDI appreciates the president of the Republic's efforts to draft a new agenda, which they termed as positive in that the modernization of the state includes the rationalizing of ministries; the implementation of measures to help improve education; training programs for workers; unemployment compensation; and the privatization of Colbun [hydroelectric plant].

Coloma said he hopes "that in addition to these positive aspects there will be the necessary leadership to impose this agenda and to generate a climate of greater unity."

Deputy Alberto Espina, first vice president of the rightist National Renewal Party [RN] also said he hopes the president's announcements will materialize. He said that although President Frei's speeches are good, the ministers who must implement the policies are not efficient enough to carry out the announcements.

He said the address to the nation on 12 January was positive, and commented on the chief of state's will to emphasize issues that are basic for the country's modernization.

In Antofagasta, PS Deputy Camilo Escalona said he appreciates President Eduardo Frei's announced plan to modernize with equity and outline a series of measures to tackle social problems.

He said his party believes the announcements for the labor sector are insufficient and added that social relations within enterprises are unfair and arbitrary thus leaving the workers unprotected. He said this problem can only be solved by continuing to promote the labor reforms currently being discussed in Congress.

Senator Ricardo Nunez, PS vice president, also voiced his doubts, stating that it is necessary to reach agreement on what the state modernization entails "and not get carried away by the ideology of the rightist sector; that modernization means reducing the state apparatus."

Following President Frei's 1996 agenda announcement, PDC Chairman Alejandro Foxley stressed in Punta Arenas that the government maintains the goals set at the beginning of its mandate.

He said that in the social field the proposal of an unemployment compensation in addition to the winter bonus will help thousands of pensioners who have great financial difficulties.

He said state modernization will be the answer to reiterated criticisms over the slowness of the state apparatus, for which resources are usually available.

PPD Vice Chairman Erich Schnake said his party termed Frei's message as "extremely positive."

PPD Chairman Jorge Schaulsohn also voiced full support for the 1996 agenda and urged the country to help implement it. He said "this is the direction in which the country must advance if it wishes to develop with equity."

PC Secretary General Gladys Marin said Frei's speech is a sign of the weakening and loss of credibility of the Coalition of Parties for Democracy.

Marin criticized the fact that the chief of state focused on the privatization of enterprises like Colbun, Emporchi [Port Enterprise of Chile], sanitation enterprises, airports, and railways.

Chilean Military Judge Dismisses 3 Rights Cases

96P20221A Santiago El MERCURIO in Spanish
8 Dec 95 p C12

[FBIS Translated Text] In separate rulings, the Santiago military judge handed down definitive dismissals for three cases of detained/missing persons through the application of the amnesty law. These are the cases of Maria Cristina Lopez Stewart, Edgardo Enriquez Espinoza, and Mauricio Jorquera Encina, all allegedly former MIR [Movement of the Revolutionary Left] members.

Lawyer Sergio Concha, representing the plaintiffs, appealed to the Military Court against the rulings by the military judge. The lawyer stated to this newspaper that in the event the rulings by the Military Court are against him, he would appeal to the Supreme Court. If all of the above occurs, the definitive rulings concerning the three cases will be handed down by the Second Criminal Chamber of the Supreme Court.

Concha stated that the first two cases, which had "extensive information and pending proceedings, were transferred to the military court system because of a jurisdictional dispute that the Supreme Court settled in favor of the military court system." These two cases were handled by the head of the Third Military Prosecutor's Office of Santiago.

The lawyer said that the events which gave rise to the cases occurred in September 1974 in Santiago and April 1976 in Buenos Aires, respectively. He added that Maria Cristina Lopez and Enriquez Espinoza were arrested by agents of the now-disbanded DINA [National Intelligence Directorate].

With respect to the third case, that of Mauricio Jorquera Encina, Concha said that the case was sent to the military court system also because of a dispute settled by the Supreme Court. The case was handled by the head of the Second Military Prosecutor's Office. According to Concha, Jorquera Encina was arrested on 5 August 1974 at his home. He added that Jorquera was later seen "in very poor physical condition by a number of witnesses in the DINA detention centers at 38 Londres and Jose Domingo Canas."

Codepu Views 1995 Human Rights Record in Chile

96P20220A Santiago LA NACION in Spanish
30 Dec 95 p 10

[By Pedro Vega]

[FBIS Translated Text] The human rights situation in Chile did not make a lot of progress in 1995, and the impunity concerning the cases of crimes against humanity committed in the initial years of the military regime has tended to continue. The legal team of the Committee for the Defense of the People's Rights (Codepu) stated this yesterday when presenting an evaluation of the year.

There were at least 18 people killed in police operations and 66 reports of torture during 1995, according to Codepu Executive Secretary Fabiola Letelier; this is another factor that aggravates the human rights situation in the country.

The lawyer also referred to the importance of the silence of those who participated in human rights violations. "We have examined those who have given some real information, and there have only been two former Armed Forces officers. The unity of those who participated in the DINA [National Intelligence Directorate] and other security agencies, and that are willing to acknowledge their participation in illegal acts, has not occurred." [sentence as published]

She said that in Chile "there has been no [Argentine Army Commander General] Martin Balza," and criticized the fact that "the one who was a dictator for 17 years and was responsible for the life and security of Chilean citizens continues to be the commander in chief of the Army and also continues to have the prominence of a political figure."

In Letelier's opinion, the most serious problem currently facing Chilean democracy "is the definition of the role of the Armed Forces." She clarified that she did not have anything against the Armed Forces, but that the role of the military should not be concerned with being guarantors of the democratic system but rather with the country's development.

Other important issues for Codepu are freedom of expression and the "ineffectiveness of the legal system."

Colombia

Colombian Minister Notes Concerns Over Border Incidents

PA1901125796 Madrid EFE in Spanish
2053 GMT 17 Jan 96

[FBIS Translated Text] Santa Fe de Bogota, 17 Jan (EFE) — Foreign Minister Rodrigo Pardo said today that the Colombian Government is not satisfied with Venezuela's explanation for why Venezuelan soldiers entered Colombian territory on 28 December. The foreign minister was commenting as he was leaving Colombian President Ernesto Samper's office, following a meeting with Samper and Colombian Ambassador to Venezuela Francisco Posada de la Pena. Posada was in Bogota for consultations on the border incidents. Pardo also announced that he plans to outline the Colombian Government's concerns for Venezuelan Foreign Minister Miguel Angel Burelli Rivas during a binational meeting of authorities to be held 23 January in the border town of Cucuta, Colombia. The governors of Colombian-Venezuelan border states and Colombian Defense Minister Juan Carlos Esguerra and Venezuelan Defense Minister General Moises Orozco have been invited. Pardo explained: "The Cucuta meeting will give us the chance to make our position on the border problem perfectly clear." He added that the Colombian Government "is very worried that these events could be repeated." He also said: "We want the two countries, once and for all, to come up with definitive solutions to ensure border security and an optimal level of relations." The Colombian Government did not draft a protest note to the Venezuelan Foreign Ministry over the incident, as the Bogota press had anticipated. Authorities in Norte de Santander Department — which borders the Venezuelan state of Tachira — have reported that the Venezuelan National Guard penetrated two kilometers inside Colombian territory in rural Tibu Municipality without any apparent explanation. This incident follows those that took place in the border area in February 1995 — when a Colombian guerrilla column entered Venezuela and killed eight soldiers — and in October — when Venezuelan troops and helicopters reportedly landed in the Cesar Department (Colombia) mountains and abused peasants.

Colombian Foreign Minister Sends Note to Venezuelan Counterpart

PA1901190096 Santa Fe de Bogota Inravision Television Canal A Network in Spanish
1730 GMT 19 Jan 96

[From the "Colombia 12:30" newscast]

[FBIS Translated Text] This just in: Colombian Foreign Minister Rodrigo Pardo has just sent a diplomatic note to Venezuelan Foreign Minister Miguel Angel Burelli regarding a recent incident in Vetas, Tibu Municipality, Norte de Santander Department. We will read parts of the note:

The results of the investigation have confirmed that, as mentioned in your note, a group of Venezuelan guards did cross the border. The Colombian Government is pleased with the announcement that the Venezuelan defense minister has ordered an investigation. We will be waiting for your notification on the disciplinary action taken in this case by your illustrious government against those who are presumably reponsible for the border incursion.

Colombian President Warns Against Foreign Troop Incursions

PA2001194196 Santa Fe de Bogota Inravision Television Canal A Network in Spanish
1800 GMT 20 Jan 96

[Report by Juan Carlos Ossa from Valledupar; from the "Cripton Newscast"]

[FBIS Translated Text] In recent hours, President Samper Pizano said here in Valledupar that no foreign interests, which have total disregard for the unity between the two nations, will intervene in the area of Colombia's border with Venezuela.

[Begin President Samper recording] We will not allow one single foreign soldier to step on one single centimeter of Colombian territory, and we will not tolerate Colombian nationals living near the border of their own country to continue to be disparagingly described as insurgents. We will also continue to use all the means available to seek mechanisms of progress and reconciliation and any other mechanism that enables us to coexist in the border area as two brotherly nations. [end recording]

Thus, President Samper has categorically voiced his opposition to any political and military intervention by the Venezuelan Government.

Venezuelan Soldiers Fire at Colombian Fisherman

PA2101035296 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0130 GMT 21 Jan 96

[Report by Oscar Galvis from the "AM/PM Newscast"]

[FBIS Translated Text] [Begin President Samper recording] We will not allow one single foreign soldier to step on one single centimeter of Colombian territory. [end recording]

Twelve hours had not passed since President Ernesto Samper made this statement when a new incident occurred in the Colombia-Venezuela border area.

(Palmerio Suescul), a Colombian fisherman, entered Venezuelan territory to buy gasoline, as most border area residents do, this morning. When he was there, Venezuelan soldiers arrested and handcuffed him. After a struggle, however, (Palmerio Suescul), who was still handcuffed, managed to flee on board a canoe. The incident took place at a place called (Poru los Libertadores) on the Arauca River, an area that defines the border between Colombia and Venezuela. The soldiers of the military post located in El Amparo, Venezuela, shot at the boat that carried (Palmeiro Suescul) and four more people, including one child who was injured by the bullets shot by Venezuelan soldiers:

[Begin Arauca Hospital Physician Moises Vargas recording] The boy has an injury caused by a bullet in the [word indistinct] of his right leg. The boy says Venezuelan soldiers entered Colombian territory to arrest a man who apparently is his relative. [end recording]

Regarding this new incident, the Colombian foreign minister has said two neighboring countries cannot continue fighting.

Colombia's Alleged Cali Leader Willing To Surrender

PA2001200996 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1800 GMT 20 Jan 96

["Exclusive" report by Edgar Moreno Morales; from the "Cripton Newscast"]

[FBIS Translated Text] Helmer Herrera, alleged leader of the Cali group and fugitive, stated that he has no links with the Rodriguez Orejuela brothers and that he has not made any deals with Niche Group leader Jairo Varela, who is currently imprisoned in a jail in Valle del Cauca.

In a letter sent to his attorney Gustavo Salazar, which was disclosed exclusively to "Cripton Newscast" this morning, Helmer alias Pacho Herrera has assured that his relationship with drug traffickers is history and that because of these links, he was tried and sentenced in the United States, where he was imprisoned for four years.

In the letter, Herrera wonders where the evidence is that Colombian and foreign authorities claim to have linking him to the Cali group. In addition, he confesses to have participated in money laundering activities until 1990. I am willing to take a lie detector test to prove that I have no ties with the Cali group and that I am not linked to drug trafficking, Pacho Herrera states in his letter.

Finally, he reiterates that he is willing to turn himself in to the authorities as long as he is given sufficient guarantees that he will only be tried for the crimes he has committed, and he asks that his right to a due process be respected.

Colombian Police Capture Front Man of Drug Trafficker

PA2201032796 Madrid EFE in Spanish 0040 GMT 22 Jan 96

[FBIS Translated Text] Cali (Colombia), 21 Jan (EFE) — Elite Colombian police forces today caught Placido Ramirez Buitrago, considered the main partner and front man of outlaw drug trafficker Helmer "Pacho" Herrera, at a country home in southwestern Valle del Cauca Department.

Ramirez was discovered at a farm in the town of Dagua, 46 km west of Cali, capital of Valle del Cauca.

Spokesmen of the elite police force said in this city that an arrest warrant had been issued against the prisoner by the Office of the Prosecutor General of the Republic. The arrest warrant against Herrera's alleged partner and main front man was issued in October.

The sources said Ramirez is being investigated for illegal enrichment and serving as front man for drug trafficking activities.

Herrera's partner was caught at a country home in the town of Dagua while he was accompanied by his wife and a bodyguard. The police forces seized one of Ramirez' vehicles that was parked outside the house.

During a previous operation carried out last year, the elite force that persecutes the Cali drug trafficker's organization confiscated a small "Cessna" airplane that also belonged to Ramirez at the city's international airport.

The sources said the prisoner was immediately transferred to Cali and turned over to a "faceless judge" (an anonymous judge so as to prevent reprisals) in charge of his case.

Ramirez was sought because of his close ties with alleged "capo" Herrera, the only one of the seven Cali Cartel leaders who was still at large, until the escape of Jose Santacruz Londono, considered the organization's third leading man.

Known as "Don Chepe" or "El Estudiante," Santacruz escaped on 11 January from La Picota Maximum Security Prison in Santa Fe de Bogota, where he was confined.

The Colombian Government, which will also pay $1.5 million for information on Herrera's whereabouts, is offering a $2 million ransom for information leading to the arrest of the escaped prisoner.

Colombian Senators Investigated Over Cali Ties

PA1801184196 Santa Fe de Bogota Inravision Television Canal A Network 0000 GMT 18 Jan 96

[From the "Seven O'Clock" newscast]

[FBIS Translated Text] Two more congressmen will be brought into the Supreme Court of Justice's investigation on alleged ties to the Cali group. Valle del Cauca Senator Gustavo Espinosa, whose latest scandal was his defense of the drug fraud, is one of the two congressmen:

[Begin Espinosa recording] Why is the Prosecutor General's Office afraid of this article? Why is it afraid that the law will [words indistinct] constitutional case? Why has the issue been linked to drug trafficking? Why is it not linked to the [words indistinct]? Why is it linked to Case 8000? Why does the prosecutor general insinuate that there is (?collusion), that there may be collusion with those who receive money? What about the other 49 checks? While this check may be a crime, the others are not a crime! There is nothing in this country that says that certain citizens or criminals cannot have a political opinion, belong to a political party, support political candidates, participate in the campaigns, and contribute money to the campaigns! There is hardly a Colombian who is not convinced that politicians commit crimes when they strike an alliance with a drug trafficker or when they receive economic help from an alleged criminal! Let the Prosecutor General's Office, the judges, and the Supreme Court of Justice in this country know that they must respect the law, they must enforce the law as it is written! [end recording]

The other congressman that will be charged in a matter of hours is former Chamber of Representatives President Alvaro Benedetti.

Gustavo Espinosa's name popped up during the investigation in Miguel Rodriguez Orejuela's accounts, stored on diskettes that the Search Bloc found in Guillermo Pallomari's office, under the name of G. Espinosa. His name also appears on the list of congressmen who stayed at Cali's Intercontinental Hotel. (?AGA), the Cali group's front organization, paid the bills. Espinosa is also mentioned in Guillermo Pallomari's testimony to faceless prosecutors in the United States. He reportedly received various checks for his congressional campaign under the code LCD1. His wife was also involved in a scandal when she authenticated various documents for Gilberto and Miguel Rodriguez Orejuela at the Fourth Notary's Office in Cali. Gustavo Espinosa was formally linked to the investigation on 16 January.

The other congressman who will be called to testify in a few days is former Chamber of Representatives President Alvaro Benedetti, who was mentioned several weeks ago due to his alleged friendship with the Rodriguez Orejuela brothers. One of the lists that the Search Bloc found during its raid of the Cali group's offices had the name A. Benedetti as beneficiary of invitations to the Intercontinental Hotel. Pallomari also mentioned his name in statements to faceless prosecutors.

Colombian Presidential Investigator Faces Lawsuit

PA1701152696 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 17 Jan 96

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] Heyne Mogollon, the representative whose claim to fame was that he investigated President Ernesto Samper, may lose his Council of State seat. Those suing Mogollon claim that the law prohibits Mogollon from investigating Samper because they belong to the same party. Those bringing the suit against Mogollon suggest that Mogollon, as a legislator, was not the most suitable candidate to investigate Samper for probable infiltration of monies during the Liberal Party's presidential campaign. The suing party says that since Mogollon participated in the campaign and is an active Liberal Party member, he should have declared himself legally unsuitable as an investigator:

[Begin unidentified speaker recording] The representative is being investigated for administrative violations. [end recording]

Mogollon has said that those who seek to discredit the Accusations Committee's ruling are behind these rash actions:

[Begin Mogollon recording] We cannot think that because of the evident animosity toward the president by the Conservative Party and other parties that they could serve as the very same investigators. [end recording]

Ecuador

Ecuadoran Navy Denies Purchase of UK-Made Frigates

PY2001004596 Madrid EFE in Spanish
1746 GMT 19 Jan 96

[FBIS Translated Excerpt] Quito, 19 Jan (EFE) — The Ecuadoran Navy has denied a Peruvian daily report that it allegedly purchased two "Leander" frigates, which are one of the most modern British-made warships.

Sources of the Ecuadoran Navy Command told EFE: "That is not true. We are not in the process nor have we tried to buy those ships in the past." The sources explained that the Ecuadoran Navy already has two of those frigates, which are "operating 100 percent," and that "no effort has been made to buy" other units. [passage omitted]

The Ecuadoran Navy sources blamed the dissemination of that information, which is considered "absolutely false," to "some Peruvian sectors interested in obstructing the peace process" between the two countries.

The report on the alleged purchase of the frigates was disclosed after the Ecuadoran controversial purchase of four Israeli-made "Kfir" fighters which, according to Ecuadoran Foreign Minister Galo Leoro, will arrive in Ecuador in February.

Ecuador's Leoro Satisfied With Peru Talks

PY2001024596 Quito Voz de Los Andes in Spanish
2300 GMT 19 Jan 96

[FBIS Translated Text] Ecuadoran Foreign Minister Galo Leoro said today he is highly satisfied with the results of the talks held in Lima with his Peruvian counterpart Francisco Tudela to discuss the procedures for the future negotiations on the territorial issue.

It was a positive step, said Leoro upon returning to Quito today. He added that all things have a tempo and a way of happening and the Lima talks are within those circumstances.

Leoro added: I believe progress is being made; the two parties are highly satisfied with the direct talks for establishing procedures on which the future negotiations for solving the territorial conflict will be based.

Ecuador and Peru, which are facing a historic conflict over a border region without marks at their common Amazon border, are negotiating a peace agreement after the undeclared war between the two countries from 26 January to 28 February of last year.

According to Leoro, 80 percent of the procedures have already been established and the remaining 20 percent will be studied during the upcoming meeting between the two foreign ministers in Quito next February.

Ecuadoran Courts Implicate Dahik's Military Attache

PY1201141196 Madrid EFE in Spanish
0110 GMT 11 Jan 96

[FBIS Translated Excerpt] Quito, 11 Jan (EFE) — Army Colonel Edgar Velasco, military attache of former Vice President Alberto Dahik who is being sought by the courts, was today implicated in the alleged embezzlement of vice presidential discretionary funds.

Lawyer Rodrigo Buchelli, attorney of Dahik's two secretaries who are also sought by the courts, today informed the press that Velasco was one of those authorized by Dahik to draw checks. Buchelli said there is evidence of this in the Ecuadoran Central Bank records.

The government funds diverted to personal bank accounts opened by Dahik's two secretaries in private banks with Dahik's express authorization were used to cover unspecified discretionary expenses, but the courts suspect that irregularities were committed.

It is known that Dahik delegated the management of these accounts to his secretaries Gladys Merchan and Juan Maria Crespo, who like Dahik face preventive arrest warrants.

After learning about the issuance of the arrest warrants, Merchan and Crespo escaped while Dahik resigned from his post in October and later fled to Costa Rica where he has requested political asylum.

The Ecuadoran Armed Forces have reasserted that none of the fiscal accounts handled by Dahik and his secretaries were allotted to any of the many military institutions. This has been corroborated by Supreme Court (CSJ) President Carlos Solorzano. [passage omitted]

Former Ecuadoran Aide-de-Camp Denies Handling Funds

PY1301024996 Quito Voz de Los Andes in Spanish
2300 GMT 12 Jan 96

[FBIS Translated Text] Colonel Edgar Velasco Arias said that he was aide-de-camp of the president of the Republic from 9 August 1992 until 9 August 1994 and that during this period he never administered discretionary funds and never knew anything about how they were administered or spent. Nor, he added, had the former vice president ever authorized him, orally or in writing, to issue checks on any bank account.

In a press communique issued by the Defense Ministry, Col. Velasco explained that while he was aide-de-camp he strictly abided by the rules related to the personal safety of the head of state, gave military advice, and carried out protocol and public relations activities.

Col. Edgar Velasco Arias stated that in the Central Bank of Ecuador there is a document, bearing his signature, authorizing him to request a statement of the account of the vice presidency of the Republic, but he never did so because the people necessary to handle this job were available.

Peru

Ecuador's Leoro Notes Progress Achieved at Lima Meeting

PY2201105596 Lima America Television Network in Spanish 1230 GMT 18 Jan 96

[Telephone interview with Ecuadoran Foreign Minister Galo Leoro by America Television announcer Federico Salazar during the Primera Edicion program on occasion of Leoro's visit to Lima — live]

[FBIS Translated Excerpt] [Salazar] Good morning Minister Leoro?

[Leoro] Good morning. It is a pleasure to greet you.

[Salazar] The pleasure is all mine, sir. The first question we would like to ask you is whether the current Ecuadoran-Peruvian negotiations within the framework of the detente process have produced any agreements?

[Leoro] By yesterday evening, when the first round of negotiations ended, we achieved great progress. It was truly a very busy meeting during which we reviewed all the points that could lead to an agreement. I would say that we have achieved notable progress on all these issues. Even though these discussions are centered on procedural matters, we have defined some differences and some agreements have been reached. Nevertheless, there are still some pending issues on which both parties must agree during discussions today. I can say that we held a very useful and fruitful meeting and that great progress has been achieved.

[Salazar] The negotiations should conclude today. Are they centered only on procedural matters...

[Leoro interrupting] ...exactly. They are centered on procedures to be implemented later in future discussions of basic issues. In view of this, people should not expect any agreements or understandings on Point 6 of the Itamaraty Peace Declaration. We are ways to discuss these issues at the proper time.

[Salazar] So, all steps are being adopted to achieve progress. What are the next step within the framework of these negotiations?

[Leoro] I have invited the Peruvian foreign minister to visit Quito on 22 February. He has personally indicated that this would be the most suitable date to travel to Ecuador. We plan to then hold another round of negotiations to either wrap up our current discussions or to start a new round of negotiations within the framework of this process. We should continue these talks on the basis of procedures established in those agreements that may result a definitive solution and also all those issues that will help to strengthen our bilateral ties and promote mutual confidence. This is necessary so the proper atmosphere can prevail to develop our bilateral ties. I believe it is essential to restore an atmosphere of mutual confidence that will avoid changes, like those which in the past few weeks have in some way undermined...

[Salazar, interrupting] Are you talking about reports on the acquisition of Kfir planes?

[Leoro] We are not at all annoyed over press reports on the Kfir planes because this is a completely open transaction that was duly announced. It is the nature of the criticism and the position adopted in view of these reports that are an issue of concern.

[Salazar] What I mean is that you have mentioned this issue as one of the points...

[Leoro, interrupting] Well, this is obviously one of the many issues that have caused controversy because it was alleged that we were involved in an arms race and things of the sort. Reports in Lima greatly exaggerated the issue which acquired characteristics that were neither in keeping with the truth nor the process of rapprochement. Nevertheless, I believe we are overcoming all these problems. [passage omitted]

[Salazar] Have you and Foreign Minister Tudela agreed on how to handle this issue through the media?

[Leoro] These are secret meetings. A report will certainly be issued although no definitive conclusion may be reached. We have made quite a lot of progress although there are still some pending issues to be discussed. We have obviously centered our discussions on the more important issues, although this does not mean pending issues are less important. Nevertheless, we agreed on some issues.

If we finish discussing these issues today, we will have achieved a basic agreement. I must add, however, that we still need to discuss the texts. We have achieved an agreement on the concept but we need to draft a definitive text reflecting the agreements achieved on the issues we have discussed. [passage omitted]

Peruvian, Ecuadoran Ministers Assess Lima Negotiations

PY1901141296 Lima America Television Network in Spanish 0100 GMT 19 Jan 96

[FBIS Translated Text] In view of the fact that the communique issued at the conclusion of the Ecuadoran-Peruvian talks was too general, Ecuadoran and Peruvian journalists requested that Peruvian Foreign Minister Francisco Tudela and his Ecuadoran counterpart Galo Leoro provide some explanations.

[Begin recording] [Leoro] The Peruvian foreign minister has submitted to us a document containing some background information on the issue. This document also proposes the establishment of a commission so that, within the framework of open transactions for the acquisition of military materiel, etc., and with the objective of strengthening mutual confidence, we may discuss the drafting of a document that will encompass these various initiatives. I have acknowledged receipt of this document and am taking it to Quito for consideration. Afterward, we will reveal our position with regard to this document.

[Tudela] The Peruvian proposal calls for being truly honest about previous and current transactions for the acquisition of military equipment. It is a proposal establishing mechanisms through which government officials from the two countries will be in constant contact to this effect.

A moratorium is something that must be agreed upon by both Ecuador and Peru. Therefore, I cannot make a unilateral proposal on a moratorium because in the negotiations we have held in the past two days, my Ecuadoran counterpart has not made any proposal to this effect. In view of this, it is still premature to make any proposal about a moratorium while this is not included on a negotiations agenda, and until the issue is discussed and a bilateral decision made. [end recording]

Peru's Fujimori Urges Ecuador To Identify 'Subsistent Impasses'

PY1901144396 Lima America Television Network in Spanish 0100 GMT 19 Jan 96

[FBIS Translated Excerpt] President Alberto Fujimori has said that although the first round of negotiations between the Ecuadoran and Peruvian foreign ministers was fruitful, it has not been possible to establish an agenda to broach Point 6 of the Itamaraty Declaration because Ecuador has not identified the subsistent impasses in the negotiations with Peru.

The president also announced the implementation of an important program aimed at improving the drinking water supply for Lima.

[Begin recording] [First unidentified reporter] Mr. President, what was the result of the Ecuadoran foreign minister's visit to Peru?

[Fujimori] Look, I would assess the negotiations as successful because we are fully complying with the points encompassed in the Itamaraty Peace Declaration. Point 6 of the Itamaraty Peace Declaration, which is currently being addressed, calls for the Ecuadoran and Peruvian Governments to begin negotiations to find a solution to the subsistent impasses.

Therefore, we have proceeded to undertake these negotiations with the presence of Foreign Minister Galo Leoro, and this in itself is already a good sign.

[Reporter] Has an agenda been drafted, as was planned?

[Fujimori] No. I reassert that the talks have been successful because we have proceeded to undertake these negotiations, but we have not yet been able to draft an agenda.

During the meeting of foreign ministers, which was also attended by representatives of the guarantor countries, Peru submitted a list. It has not been made public because the other party did not draft a list. Nevertheless, we hope that Ecuador will soon submit a list of subsistent impasses....

[Second unidentified reporter, interrupting] Does this in any way impact on the eventual success of this first foreign ministerial meeting?

[Fujimori] Look, Ecuador has not submitted a list of subsistent impasses on this occasion, but we hope that during the Quito meeting we will have a list of the subsistent impasses; otherwise, we will not have an agenda. We want to hold specific discussions on each basic issue.

[Reporter] Can we say, then, that this foreign ministerial meeting was not as successful as had been hoped?

[Fujimori] No, but at least we have held negotiations. We have held talks. Foreign Minister Galo Leoro visited Peru. We have been able to restore fluent communication channels and achieve a certain degree of confidence, which I believe provides the proper atmosphere.

At any rate, it is essential to specify the subsistent impasses. [end recording] [passage on unrelated material omitted]

Ecuadoran Plans To Buy Ships From UK 'Worries' Peruvian Navy

PY1901195896 Madrid EFE in Spanish 1551 GMT 19 Jan 96

[FBIS Translated Excerpt] Lima, 19 Jan (EFE) — A Peruvian military source told Lima daily EL MUNDO that Ecuador is planning to purchase two British-made Leander antisubmarine frigates, one of the most modern warships, to reinforce its naval force.

According to the source, Ecuador is negotiating with the Royal Navy the purchase of two Leander antimissile frigates with which it would "dangerously reinforce its naval force."

The same source told EL MUNDO that the report worries the Peruvian Navy because, despite the announcements of good will and peace, Ecuador is trying to break the military balance in South America.

The source added that, although the Ecuadoran Navy is inferior in number to the Peruvian and Chilean Navies, the combat units it has are modern, effective, and 100-percent operational.

The Leander antisubmarine frigates are equipped with missile systems and the newest weapons. They have a 2,500-tonne displacement capacity and operate at a maximum of 27 knots of speed. [passage omitted]

Ecuadoran 'Double Talk' on Peruvian Border Issue Noted

PY0801171096 Lima EL COMERCIO in Spanish 30 Dec 95 p A2

[Article by Juan Paredes Castro from the "Weekly Commentary" column: "Ecuadoran Double Talk"]

[FBIS Translated Text] Political and diplomatic relations with Ecuador impose on Peru and the guarantor countries of the Rio de Janeiro Protocol an additional burden on the most important issues of the border conflict: The double talk from the almost permanent interference by the military over the civilian power in Ecuador.

This interference did not emerge only recently. Unfortunately, it started way back, just before the armed conflict early last year.

This is why the peace agreement signed in Itamaraty involved a back and forth process. It was necessary to obtain strong pressure from U.S. politics on the Ecuadoran military leadership, which was trying all the time to boycott a diplomatic understanding between the parties.

Ironically, just 10 months after that persistent effort to make the Ecuadoran military leaders accept the diplomatic process toward a peace agreement, the United States has authorized the sale of Israeli made Kfir fighters to Ecuador.

Even President Sixto Duran-Ballen fell at first into the Ecuadoran military game to a point that when he wanted to recover the political ground lost under the "popular euphoria of the war," he found it was already too late. What he saw next, in the form of an intense deliberating military activity stepping on the heels of his regime, is what it is now reflected in the military decision to buy fighter bombers amid the Peruvian-Ecuadoran negotiations on the vital border demarcation issue, and in the recent violation of our border. Official Ecuadoran denials do not correlate with the mobilization of troops — which was presumably authorized by the Duran-Ballen administration.

Beside the latest border provocations, the Quito government and diplomacy should defeat the interests of radical military leaders if they are to meet the level of dialogue required by Itamaraty because this is necessary for the two countries to overcome the "subsistent impasse." For us this means nothing less than demarcating the unmarked northern border region.

Although it seems impossible to expect a quick change in the attitude of the Ecuadoran military leadership, Peru and the guarantor countries of the Rio de Janeiro Protocol really want to know — although it may seem absurd to think so — which one of the two languages they must accept, either the diplomatic language of the government or the language of military garrisons. President Duran-Ballen and Foreign Minister Gaio Leoro must do everything possible to enhance and strengthen their legitimate prerogatives of diplomatic negotiation, not only to fulfill the segment that is still need to meet the Itamaraty Peace Declaration but also to consolidate the cease fire, the demilitarization, the separation of forces, and the demobilization under the vigilance and control of the Ecuador-Peru Military Observers Mission of the guarantor countries.

This double talk is a serious inconvenience. Understanding it demands a double ability: to understand the Ecuadoran Government when it imposes its point of view and to understand Peruvian diplomacy when it comes to realistic conclusions that will allow us to progress on what we really want without any cards up any sleeves. We want the recognition of our territorial rights in accordance with the Rio de Janeiro Protocol.

It is necessary, however, to prevent the guarantor countries from falling into the traps or confusion posed by the double talk in order to prevent events like the illegal triangulation of weapons to Ecuador from Argentina during the recent military conflict, and the most recent U.S. authorization to Israel for the sale of Kfir fighters to Ecuador.

This is the right time to strengthen the diplomatic environment and clear away any military action by fully respecting the commitments made in Itamaraty. But this does not mean Peru should stand idle in the face of a clear Ecuadoran military offensive.

The recent incidents denounced by the Peruvian Armed Forces Joint Command should make the Ecuadoran Government and diplomacy ponder about the need to maintain at any cost the bilateral dialogue and the talks planned for January and March at two levels: at the Foreign Ministry and the special presidential levels, within the framework of the Andean Group Summit. This is necessary to quell as much as possible the signs of mistrust that appear under certain situations, mainly on the eve of the anniversary of the Rio de Janeiro Protocol, which is the time when Ecuadoran politicians and military leaders tend to make things look black in an effort to take advantage of the situation.

Let us be aware that the Ecuadoran double talk, which apparently cannot yet be resolved either by President Duran-Ballen or by Foreign Minister Leoro, should for us be a very sensitive point of reference and contrast in the handling of diplomatic and military matters related to the border issue.

Peruvian Government Determined To Eradicate Terrorism

PY2201115796 Lima America Television Network in Spanish 0100 GMT 20 Jan 96

[FBIS Translated Excerpt] The government is determined to completely eradicate the terrorism of the Shining Path and the MRTA [Tupac Amaru Revolutionary Movement], and this is why the punishment for those who are responsible for subversive acts will be imposed with the full force of the law, whether they are Peruvians or foreigners, President Alberto Fujimori said today in Ilo where he dedicated a sulfuric acid plant and a fishmeal plant.

[Begin recording] [Unidentified reporter] President Fujimori came to Ilo with the ministers of economy, energy and mines, and fisheries to dedicate a sulfuric acid plant in southern Peru. This plant will help reduce the sulfuric anhydride released into the air in the copper-production process. The dedication of this plant in Ilo is the first step taken by southern Peru to fulfill its commitment to protect the environment. This is how an agreement signed between southern Peru and the government in late 1991 was put into operation. In his speech, President Fujimori emphasized the environment of trust and security now prevailing in our country and which have allowed the increase of foreign investments.

[Fujimori] I ask, why is there now so much trust in the country? We all know that there is trust in the country for several basic reasons. The first one is because there are absolutely clear rules and second because we no longer live under the threat of terrorism. If a U.S. company with the importance of (Asarto) invests in Peru, it is because it believes there is enough security for the company. There is now internal security because the government is determined to eradicate terrorism of the Shining Path and the MRTA. It has been proven that these terrorist organizations have international connections. The police investigation and the legislation against terrorism, which is implemented without exception on nationals and foreigners taking into account drastic punishments as in other countries, have been very effective. We would not be dedicating this plant if terrorism was still challenging the Peruvian state as it did a few years ago.

[Reporter] President Fujimori then dedicated the fishmeal plant of the Peruvian Austral company. [end recording]

Peru: Air Force Intensifies Drug Enforcement in Jungle

PY0801181196 Lima EL COMERCIO in Spanish 1 Jan 96 p A19

[Report by Ali Alava Merino]

[FBIS Translated Text] Despite a presidential announcement that the Armed Forces will withdraw from the drug enforcement program, the Peruvian Air Force [FAP] regularly continues to implement plans and programs to intercept any foreign plane that crosses the border and violates Peruvian air space. FAP air defense and flight control units still check the itinerary of Peruvian planes that overfly the jungle area, as well as their shipments. No "narcoplanes" have been intercepted or shot down in the past few days but the FAP continues to remain in state of alert through its communication equipment and radars.

The intensification of FAP drug enforcement operations in the Peruvian jungle, where one of its missions is to intercept and ultimately shoot down "narcoplanes," has forced drug traffickers to offer more incentives to pilot-traffickers, paying them $180,000 per flight on the Colombia-Peru-Colombia route.

In light of existing adverse conditions, the cost of these extremely dangerous flights to pick up washed cocaine paste are nine times higher than a few months ago.

Under "normal" conditions the drug cartels paid at best $20,000 per flight to crewmen who usually numbered one or two.

At that time, that is three or four years ago, "narcoplanes" made continuous flights to the Huallaga, Apurimac, and Aguaytia valleys, constantly violating Peruvian air space which was virtually uncontrolled.

Barely one year ago, traffickers did what they pleased in view of the lack of permanent radars and the absence of U.S. platforms or "electronic intelligence" planes which were withdrawn by the U.S. Government following political disagreements with Peru.

Early in 1995, the situation improved ostensibly for the drug mafias, when they took advantage of the favorable situation created by the start of the conflict in the Upper Cenepa region.

Most of the antinarcotics forces were detached to the border to fight the enemy.

The Tucano T-27 and A-37 B fighters owned by the FAP, which were used to intercept narcoplanes, were assigned to defend Peruvian sovereignty, momentarily neglecting the coca zones. The Army relied on the various battalions that were fighting "narcos" and terrorists in Huallaga.

The U.S. Southern Command radar platforms based in Panama discontinued their surveillance so as not to interfere with land and air operations in the Condor mountain range.

The party really started for the "narcos," who took the opportunity to conduct numerous Colombia-Peru-Colombia flights. As things were so easy, the cost of the flights remained at $20,000.

Costs increased as antidrug procedures were intensified and U.S. technological support was resumed. The flights then become less frequent, more dangerous and more expensive. The flights currently cost $180,000.

Peruvian Military Withdrawal From Drug Fight 'Not Strategic'

PY0901002996 Lima EL COMERCIO in Spanish 5 Jan 96 p A13

[FBIS Translated Text] Luis Lamas Puccio, an expert in criminal law and one of the authors of the National Plan for the Prevention and Control of Drugs, said yesterday that from the strategic viewpoint, he sees the withdrawal of the Armed Forces from the antidrug fight as being negative.

"Illegal drug trafficking is not only a criminal problem but a small part of a much greater and more complex case. In the case of Peru, it threatens national security," he said.

Lamas Puccio said that thousands of people are involved in drug trafficking activity, "from those who grow coca to people involved in the very Peruvian economy, which at times has been distorted by the dollars resulting from drug trafficking," he said.

Lamas Puccio said that one cannot think that this is merely a police or judicial problem.

He added that such social control institutions as the National Police, the Prosecutor's Office, and the judicial branch do not have the economic and logistical means, nor sufficient training, "to face a problem which grows bigger every day, which has even become an organized crime problem."

The Armed Forces and all institutions of the country are involved in the antidrug fight.

The expert in criminal law said that the withdrawal of the Armed Forces from the antidrug fight contradicts the principles of the so-called National Plan for the Prevention and Control of Drugs because that plan does not include such a withdrawal.

"It is incorrect to say that the Armed Forces must withdraw because of corruption problems. Corruption is one of the characteristics of drug trafficking. All institutions that fight this scourge, in any country in the world, given the immense amount of money the drug traffickers mobilize, have always had problems involving lack of morality," he said.

Lamas Puccio said: I want to repeat that the withdrawal of the Armed Forces from the fight against illegal drug trafficking is not strategic from any point of view.

As happens in other countries, such as in the case of Colombia, Mexico, and Bolivia, although there was no problem of narcoterrorism in these countries. [sentence as published]

Lamas Puccio said that drug trafficking has become a national security problem in the world. For the continent of the Americas it is a hemispherical problem, "because drug trafficking has destabilized governments and, in some cases, has generated problems in international relations."

As an example, he said that international cooperation is subordinate to the fight each country implements against drug trafficking. "We cannot think that it is merely a criminal problem and that the police must resolve it alone," he said.

He said, in concluding, that the police do not have the economic or logistical means to face the problem. In addition, its burden would be doubled because it must also face common crimes and providing for the citizens' security, which in themselves are complex problems.

Peru: Police Lack 'Special Plan' To Fight Drug Trafficking

PY0801231996 Lima EL COMERCIO in Spanish 5 Jan 96 p A13

[FBIS Translated Text] The National Antidrug Directorate — Dinandro — still does not have a special plan to tackle the drug trafficking scourge alone, after learning about President Alberto Fujimori's decision to withdraw the Armed Forces from the drug enforcement program.

Yesterday Dinandro said it could not say how the drug enforcement program will be implemented now because PNP [Peruvian National Police] General Luis Perrigo Perrigo just assumed the Dinandro directorate today.

However, a source said that the future situation is bleak because of insufficient logistical support.

The spokesman said that "as an example, we can tell you that we still have communications problems. There are not enough telephones, and radio communications are not the most appropriate means for exchanging secret information."

During the past few months, the Peruvian Government acquired Russian MI-17 helicopters, with great capacity for personnel transport, which have been of great help in the struggle against drug trafficking.

Antidrug bases have also been set up in strategic zones such as Caballococha, Pasco, and Ayacucho. But the problem is huge due to the great economic power the drug traffickers exert.

It should be pointed out that despite the confiscation of drugs during the past few months, the quantity does not represent even 5 percent of what the organized drug rings ship abroad per year from the Peruvian coca producing centers.

Therefore, Dinandro's job will be gigantic. For this reason, according to the spokesmen who were consulted, it will need human, economic, and logistical resources to meet the challenge.

Colombian Plane Transporting Cocaine Intercepted in Peru

PY0901150196 Madrid EFE in Spanish 1540 GMT 8 Jan 96

[FBIS Translated Text] Lima, 8 Jan (EFE) — A military spokesman reported today that a Colombian plane loaded with a half tonne of cocaine base was intercepted in Peru, after being forced to land by Peruvian Air Force (FAP) aircraft.

The captured plane, a twin engine Piper Seneca, with license number OB-1453, which belongs to a plane that suffered an accident, was intercepted in Peruvian airspace on 7 January at 1330 (1830 GMT) near the Colombian border.

The pilots, Guillermo Rodriguez Perez, 34, and Salim Faiad Rodriguez, 30, both Colombians, tried to escape from the FAP pilots who were harrassing them, finally surrendered.

These Colombians were forced to land at the Yurimaguas airport, where they arrived at 1415 (1915 GMT) and were arrested by a contingent of Peruvian antidrug police and a prosecutor who verified the cargo of 500 kg of cocaine.

Peruvian Government Extends State of Emergency

Paris AFP in Spanish 1622 GMT 6 Jan 96

[FBIS Translated Text] Lima, 6 Jan (AFP) — According to a decree published this Saturday in the official gazette, the Peruvian Government has decided to extend the state of emergency in a vast region of the department of Lima, including the capital city, for a 60-day period, claiming that subversive activities are still taking place.

The state of emergency requested by the military authorities covers the provinces of Lima, Barranca, Huarichiri, and the constitutional province of Callao, where the main port of the Peruvian coast is located, and affects more than 8 million Peruvians (one-third of the population).

The government highlights that "some evidence of subversive activity against the public order still persists," and points out that the state of emergency is necessary in order to complete the pacification process in these central coast regions of Peru.

Two groups have dominated terrorist activities in Peru, causing an internal conflict that has claimed 30,000 deaths since the 1980's, and material damages amounting to $30 billion, according to official figures.

At any rate, during the past three years the pro-Maoist Shining Path [SL] and the Guevara persuasion Tupac Amaru Revolutionary Movement have sustained serious damages from the Armed Forces. The MRTA is the terrorist group in the most serious condition and has been in distress for the past several months.

The main leaders of both groups, Abimael Guzman from the SL and Victor Polay from the MRTA, are both serving life sentences, and the majority of subversive leaders are also in prison.

The state of emergency was implemented in Lima and other provinces for the first time during the mid-1980's when the subversives decided to concentrate their activities and attacks in the Peruvian capital. With the exception of a very short period of time, this measure has been renewed regularly since 1990.

Peru: Judicial Branch Salaries Increased by 40 Percent

PY1001231496 Lima EXPRESO in Spanish 3 Jan 96 p A8

[FBIS Translated Excerpt] During a ceremony to launch the 1996 judicial year, Supreme Court Chairman Moises Pantoja Rodulfo announced a salary increase of 40 percent for judges of the judicial branch, but only to the level of judges of superior courts.

Justice Pantoja said the promulgation of the Budget Law 26553 "allows the judicial branch to manage its own resources again now that it has been excluded from the Others section of the Treasury."

Pantoja said the Budget Law includes new definitions for judicial branch resources: bail bonds, fines, material evidence auctions, deposits that were not claimed at the appropriate time, legalization of book accounts, and others.

Pantoja said the new distribution of judicial branch resources establishes that up to 70 percent of the total can be appropriated as allowances of jurisdictional function for active judges up to the level of superior judge (Supreme Court judges are excluded), for jurisdictional assistants, and for administrative personnel.

He noted that at least 20 percent will be appropriated for operational expenses (goods and services) and 10 percent for infrastructure costs.

Pantoja added: "The management of our resources will gradually allow us to pay just salaries to judges. This encourages us to struggle for our desired goal which is difficult to achieve: that the judicial branch manage its own resources." [passage omitted]

Daily Praises Appointment of New Peruvian Police Chief

PY1001161696 Lima EXPRESO in Spanish 1 Jan 96 p A26

[Editorial: "Good Beginning"]

[FBIS Translated Text] The new year had a good start with the news about the appointment of General Antonio Ketin Vidal as general director of the National Police. His appointment alone gives a feeling of security and this feeling will naturally have to be confirmed with facts as time goes. But it will not be an easy task. Not just because of the alarming increase in common crimes in the last few years but because in order to fight crime successfully and to create a safer environment, it will be necessary to change the police institution first. This is why the people were crying out for the appointment of someone like Ketin Vidal as police chief.

This double task is now in the hands of Gen. Ketin Vidal. To carry out this great task, he will need the unrestricted support of the president and the National Intelligence Service (SIN), which is an agency that really has great influence in the police because it participates in investigation activities with the police.

Now that terrorism has been defeated, inflation has been curved, and the economic reforms implemented, Peru is moving toward a second stage with the basic goal of building efficient institutions for enforcing and consolidating the state of law. These include the judicial branch, the public registries, and naturally the National Police which is a basic institution closely linked to the existence of the state itself because it has the monopoly of the force to protect the lives, assets, and security of the population. As English philosopher Thomas Hobbes said, this is necessary to prevent men from becoming the victim of men.

The National Police, which is an institution that fulfilled a heroic role in the struggle against terrorism, drug trafficking, and crime, have also been the source of abuses against the population and even against criminal gangs. Police corruption is not a secret, it is partly created by low salaries, and especially by the loss of values, control, and sense of mission.

These are the losses that Gen. Ketin Vidal must recover for the National Police. He must also modernize and technologize police methods and actions. To do that, he will have the full support of the population who will be willing to help if the channels are available. In fact, Gen. Vidal has proposed the installation of boxes and special offices in police precincts to file claims on police abuse, which will be picked up daily by the Inspector's Office. But the population would feel more confident going to their local municipalities to file the claims.

Therefore, coordination with the municipalities, which Gen. Vidal also referred to, will be essential because the population can carry out a more effective control through their local mayors. This is why Gen. Vidal will also have the task of establishing the way for the police precincts to take the municipalities into account more often. This is how the National Police will recover their image, the local governments will affirm their authority, and the people's security will be guaranteed.

Peru: National Police Reduce Number of Generals

PY1001202296 Lima EL COMERCIO in Spanish
4 Jan 96 p A9

[FBIS Translated Excerpt] The decision to reduce from 60 to 48 the number of generals in the Peruvian National Police, [PNP], has compelled the institution to make some adjustments, including the appointment of colonels to various posts that were previously commanded by generals.

Through Supreme Resolution 1446-95-IN/PNP dated 29 December 1995, the PNP announced the replacement of generals in its several PNP units and regions.

The PNP has 13 regions commanded by generals, except for the 5th Region (Iquitos) and the 6th Region (Pucallpa), which from now on will be headed by colonels.

The Callao PNP subregion will no longer be under the command of a general, it will now be headed by a colonel.

The PNP General Staff chief and the 7th Region (Lima) Inspector's Office have merged and will now be under the command of General Alejandro Farcic Barrios, who headed the Huamanga Front last year.

The Huamanga Front will be under the command of a colonel.

The following units will no longer be headed by generals: the Police Higher School; the NCO School; the Planning Directorate of the Police General Staff; the Police Training School; the General Operations Directorate of the Police General Staff; the Information Directorate; the Health Deputy Directorate; and the Interior Ministry Legal Advisory Directorate. [passage omitted]

Peru: Low Coca Price Causes 'Crisis' for Legal Growers

PY1201171796 Lima EL COMERCIO in Spanish
1 Jan 96 p A18

[FBIS Translated Text] Legal coca growers, who are the minority compared with illegal coca growers (those who sell their product to drug traffickers), have not received either technical or timely training to industrialize coca leaves used in medicine, cosmetics, and food products.

This is what Peruvian and Bolivian coca growers said during a recent meeting held in Puno. During the meeting, coca growers discussed technical aspects concerning coca marketing and industrialization. Peru continues to be the leading world producer of coca. The meeting was sponsored by the Coca Growers Andean Council.

The coca market is currently depressed, and this has resulted in losses of coca crops owned by legal growers. The National Coca Enterprise [Enaco], is no longer interested in acquiring coca and coca growers do not know whom to sell it to or how to market it.

During the meeting, some Peruvian experts said that the government failed to train coca growers through Enaco and the Agriculture Ministry to help them industrialize and market their own production.

They said that "the growers just planted, harvested and waited for Enaco to purchase the crops. They lack the means to undertake initiatives to operate a small industry or produce a value-added product."

Recent reports show that coca prices have drastically dropped, a fact that will surely result in a lower production, and in the long run in higher prices, especially if coca is diverted to drug trafficking.

In Tingo Maria, for instance, tonnes of coca crops are spoiling because peasants refuse to harvest them as they do not find markets or fair prices for their product.

The alternative crops issue was addressed during the meeting. It was established that most of the alternative crop programs have failed because coca growers do not know where or how to market their product.

Agriculture Minister Absalon Vasquez recently acknowledged that legal coca growers in the Upper Huallaga Valley are experiencing a serious crisis.

He urged cocaine consumer countries to promote investments through alternative development programs by creating the proper infrastructure so that alternative crops could yield profits.

Some of the examples of the effort made to promote alternative crops are the sugar cane, yellow corn, palm, coffee, and cacao crops that were planted; and the development of small-scale cattle ranching, and apiculture. Most of these projects failed for lack of support.

It is believed that the implementation of a realistic coca replacement program will demand $1 billion annually, but the Peruvian Government is unable to finance this amount.

Coca leaves can be used in the manufacturing of soaps, teas, marmalades, candies, pharmacological products (tablets, pills, vitamins, proteins).

Uruguay

Uruguayan Foreign Minister Interviewed

PY1801012896 Montevideo EL OBSERVADOR (Weekend Supplement) in Spanish 6 Jan 96 pp 1-5

["Summary" of interview with Foreign Minister Alvaro Ramos by reporters Alvaro J. Amoretti and Jose Pedro Diaz; place and date not given. Passages in quotation marks indicate Ramos' responses to questions]

[FBIS Translated Excerpt] [passage omitted]

Uruguay and the Region

Binational Committees. "With Mercosur [Common Market of the South] under way, Uruguay's top priority — at least on the political front — is the proper functioning of our binational committees with Argentina and Brazil because commercial integration with our neighbors will lead us nowhere unless we concurrently try to settle pending border questions. This is why very few things are more important for Uruguay in its relations with the region than the smooth functioning of bilateral committees."

Argentina. "Within the framework of the Uruguay River Administrative Commission, we intend to discuss with Argentina the subject of the navigability of the Uruguay River, cross-river traffic, and the management of shared resources. Moreover, we have to overcome difficulties in reaching an agreement on the dredging of the Casas Blancas channel from Concepcion del Uruguay to Paysandu. This undertaking will enable us to transport lumber and citrus fruit from Paysandu to — in the worst-case scenario — Fray Bentos and Nueva Palmira. The dredging of the Martin Garcia channel is as important as that of the Casas Blancas channel so that Uruguay may become the gateway to the Atlantic Ocean for cargo vessels loaded with lumber. Other commissions are also vital for our political relations with Argentina such as the Maritime Front Commission, the Merin Lake Mixed Technical Commission, the Cuareim River Mixed Commission, the River Plate Mixed Commission, and the Salto Grande Mixed Technical Commission. We have a role to play in each one of these commissions." [passage omitted]

Contingents in Peacekeeping Missions. "The assessment we have made of Uruguayan contingents participating in UN peacekeeping missions is extremely positive. Uruguay is one of the countries with the greatest per capita number of servicemen in peacekeeping missions. This type of mission enables us to test the professionalism of the Uruguayan military forces in actions involving risk and real conflict while at the same time they give an invaluable support to the United Nations in the search for solutions to or palliative measures against knotty conflicts. Moreover, they give prestige to Uruguay's international actions. Uruguayan peacekeeping forces won wide recognition in all the missions they participated in.

"The Uruguayan Government is currently studying a request filed by the United Nations so that Uruguayan policemen may join the task force [two preceding words in English] the UN Security Council has decided to send to Bosnia."

The Latin American Demons

Cuba. "Uruguay seems to have made its stance on Cuba crystal clear over the last few months. First and foremost through the invitation President Julio Maria Sanguinetti issued to Commander Fidel Castro to make a state visit to Uruguay. Second, with Uruguay's vote at the United Nations following the debate on whether to condemn Cuba for its violation of human rights. Reversing its previous votes in favor of the condemnation, Uruguay abstained from voting on this occasion. What is our objective? To help create the necessary conditions so that Cuba may democratize and abide by its commitments concerning the respect for human rights. We do not believe that the blockade is the most intelligent way to achieve that. The best one is to open up the island, to clear the way, so that Cuba may further the best possible relations with the countries of the hemisphere. Anything that may help Cuba's reinstatement into the various organizations grouping together the Latin American family will contribute to the strengthening of the long sought-after democratization of the Caribbean island. Uruguay has sent political signals that must be interpreted by the other party in this way. In addition, we expect that the Cuban Government will in the near future send signals of their respect for human rights and of their softening stand on opposition groups.

"Furthermore, we are in favor of Cuba's participation in the Rio Group as an observer. We believe that this may be a good working hypothesis."

Chiapas. "It is a Mexican internal matter. It is not appropriate for Uruguay to comment on the subject. We bet for a peaceful and negotiated solution like the one both parties are currently working on."

Latin American border conflicts. "Border conflicts can be dealt with in two ways: bilaterally, when both parties try to resolve a conflict on their own, or through an international forum. Here is when Uruguay can participate in the search of a solution.

In all cases, Uruguay's general position is to seek a negotiated and peaceful solution of controversies and measures to encourage trust. These are the concepts guiding Uruguayan diplomacy for this type of situation. Besides, Uruguay's traditional policy is to respect all international decisions resulting from requests made by the conflicting parties.

An international decision recently decided a territorial conflict between Chile and Argentina. The decision that favored Argentina must be respected.

In the case of the conflict involving Peru and Ecuador, which had a greater international impact because it involved an armed confrontation, we must support the work of guarantor countries. That is what we did during the entire year. We think the appropriate path is to seek a relaxation of tensions and respect guarantors' decisions. We even suggest the distribution of an operations guidebook among the troops in order to avoid confusion that might provoke casual confrontations."

Malvinas Islands sovereignty. "Uruguay's historic position is to support Argentina's peaceful sovereignty claim over the islands."

Bolivia's sea outlet. "Our traditional definition has never changed. We think we must help Bolivia find a sea outlet in a peaceful way. We have supported Bolivia's use of the Paraguay-Parana waterway as a sea outlet and we have created special operative conditions for Bolivia at the ports of Nueva Palmira and Montevideo. That is our position.

Struggle against drug trafficking. "The problem is not exclusive of producing countries. Consumer countries must share the responsibility. The problem involves manufacturing, trading, and eventually, the financing and laundering of great amounts of money. Therefore, it is necessary to fight the scourge in a global manner.

We are all involved in this problem and we all have equal responsibilities: those who produce the drug, those who consume it, those who manufacture it, and those who finance the operation. A foreign ministries commission, created following a Uruguayan proposal and integrated by Peru, Colombia, Bolivia, Panama, Ecuador, Uruguay, Paraguay, and Brazil operates in the Rio Group. This commission is in charge of finding instruments to coordinate the work of local drug-enforcement agencies in order to create a permanent front to negotiate drug related problems with the United States and the EU.

Uruguay considers that repressing the production of drugs constitutes only a partial solution. We must coordinate our efforts to fight each one of the drug-trafficking stages. Besides, Uruguay would not approve — if it is ever proposed — an eventual intervention of U.S. troops in its territory within the framework of the fight on drug trafficking."

A Global Village

The Middle East. "Uruguay's assessment of the peace process is positive. We try as much as we can — and within the framework of our bargaining capacity — to help create the necessary conditions so that the peace process may take its course both bilaterally and at the level of the United Nations.

"We do not see any signs of this process being derailed. The recent withdrawal of Israeli troops from the West Bank as well as the celebration of Christmas in Bethlehem under Palestine control with Yasir 'Arafat participating in a Christian liturgy are positive things. Although Yitzhaq Rabin's assassination dealt a tremendous blow to the peace negotiations he was conducting, we consider that the common ground between the states currently involved in the conflict is significant enough for sustaining the peace process. We foresee that the peace process will continue to be beset with difficulties — it is not fortuitous that relations between Arabs and Israelis constitute one of the most critical and profound subjects of all times. This notwithstanding, it is our considered opinion that negotiations are on the right track.

"That is a delicate process and as such, the risk of a crisis is always there. Still, the strides made thus far, the network of common trust that is emerging between most Arab states and Israel, and the concrete events of the past weeks seemingly indicate that even if there are risks involved, the peace process is moving on towards its consolidation. We are well aware that there are domestic pockets of resistance that sometimes express themselves in the most unexpected and virulent ways. There is religious, historical, and political fundamentalism represented by groups that feel marginalized from the major processes that are dominating the world scene and, therefore, react in a violent way."

Jerusalem Status. "The City of Jerusalem has an international status — conferred on it by the United Nations — that the Uruguayan Government has recognized. We have no intention whatsoever of moving the Uruguayan Embassy in Tel Aviv to Jerusalem. Moreover, the Israeli authorities are not taking any steps before the Uruguayan Government so that we relocate our embassy."

Fundamentalism. "When the world seems to be more united and interconnected, elements seeking disintegration and fragmentation come on the scene. This is what Alvin Toffler likes to call "the imprecise state." Fundamentalism that fights against a preexisting conception of state and many a time triggers a civil war — like in the case of Algeria — or acts of aggression against other states, conflicts that may become internationalized in the guise of open war or guerrilla warfare. Fundamentalism is a very recent phenomenon. They are groups that are imbued with a certain religious or political philosophy, which go well beyond the precise frontiers of a state. They are groups which take an active part in the domestic affairs of a country causing difficulties at home and abroad. This is the case of Iran or what happened with the implosion of the former Soviet Union or Yugoslavia, where groups of different ethnic origin were pitted against each other as ethnic feelings took hold following the disintegration of those states.

Fundamentalism is part of the contradictions characteristic of modern times in which a bipolar ideological confrontation gave way to many new phenomena that may sometimes affect a state causing a civil war or may affect several states thus turning into a regional confrontation. These phenomena may also affect the entire international community in the guise of terrorism."

Russia-Chechnya. "Uruguayan diplomats have participated in discussions on the issue. We think there should be a negotiated solution where both parties seek a lasting peace."

Bosnia. We established diplomatic relations with Bosnia in New York last September. We had already recognized Bosnia-Herzegovina, but now we have established diplomatic relations with them. We support the solution and peace plan signed by all parties in the conflict. Today Uruguay has diplomatic relations with the three new states of the former Yugoslavia."

China. "In 1988 Uruguay recognized the Beijing government as the legitimate Chinese Government. In doing this it was only recognizing what most other countries in the world had already done before it. There is no possibility of recognizing the PRC and Taiwan at the same time because the conflict is not over territory. Both parties claim sovereignty over the entirety of the same territory. Here we have a political conflict between two governments that consider themselves the legitimate government in the entire territory, that is, over the continent and the island. We cannot, therefore, recognize Taiwan and Beijing simultaneously.

The United Nations — with the vote of 140 out of a little more than 180 members states — recognized Beijing as the legitimate government. But this does not mean we cannot have commercial relations with Taipei. Taiwan has a commercial office in Montevideo. If our entrepreneurs want to open a nongovernmental commercial office in Taipei the Foreign Ministry will support them. Most countries in the region have done just that.

Besides, we must take into account that the PRC is Uruguay's third-largest commercial partner. The PRC purchases more than 50 percent of our wool and it is one of the few countries with which Uruguay has a healthy trade surplus. We want to increase even more our scientific, cultural, and technical contacts with this country as well as introduce more variety to our trade.

Nuclear Arms Control. "Uruguay joined the Rio Group declaration opposing nuclear tests. We also approved a UN resolution calling on nuclear powers to ban nuclear tests for good. Our policy is to give priority to multilateral approaches ruling out bilateral proposals to countries that have carried out nuclear tests."

Civil Wars in Africa. "Most conflicts in Africa — usually dramatic and bloody — are the consequence of a political map of the continent that was drawn based on the economic interests of colonial powers and do not reflect national or tribal realities existing before colonial times. What happens, therefore, is that political borders do not adequately represent reality. We must make every effort to solve these conflicts peacefully, through negotiations, and also act — Uruguay is doing this in Angola and Mozambique — in support of UN decisions, sending troops to join peace missions if necessary, always aware that we are facing a reality that is very difficult to understand." [passage omitted]

Venezuela

Venezuela Recalls Envoy To Assess Colombian Relations

PA2101173996 Mexico City NOTIMEX in Spanish 1424 GMT 21 Jan 96

[FBIS Translated Excerpt] Caracas, 21 Jan (NOTIMEX) — The local media are reporting today that official sources have confirmed that the Venezuelan Government has recalled Ambassador to Colombia Abdon Vivas Teran to assess relations with Colombia. Vivas Teran was recalled after Colombian Government officials repeatedly issued statements critical of Venezuela. [passage omitted]

Foreign Ministry sources report that Vivas Teran will meet this week in Caracas with Foreign Minister Miguel Angel Burelli Rivas to assess the state of bilateral relations and measures that the Caldera administration will take. The Foreign Ministry has issued a communique asking Colombia for greater "political coherence" in order to face problems that arise along the vast 2,200 km-long common border, including drug trafficking, guerrillas, and contraband.

Venezuelan Ambassador: Colombia Exaggerating Border Cases

PA2101201596 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1800 GMT 21 Jan 96

[Report by Saida Lopez-Diaz; from the "Cripton Newscast"]

[FBIS Translated Text] Colombian-Venezuelan relations are growing tense over the border issue. Venezuelan Ambassador to Colombia Abdon Vivas Teran claims that the Colombian authorities and media are blowing developments way out of proportion, citing reports on an incident at the border in which a child was injured on 20 January:

[Begin Vivas Teran recording] The Venezuelan National Guard did not attack the child. They were conducting an operation in the fight against the trafficking of contraband gasoline and oil, which is very common on the border. Criminals along the border purchase it for a lower price in Venezuela to take back to Colombia. We see how this could affect the meetings. While I am sorry that this happened, I honestly do not understand why this is causing such a sensation. It seems that high-level Colombian Government spokesmen are blowing incidents like the one at Tibu — we explained this and answered all of the questions regarding this matter — way out of proportion, following up such incidents with somewhat overblown and rude remarks. While we are not quite sure what is going on, we still find it appropriate to hold the scheduled meeting in late February. Foreign Minister Miguel Angel Burelli has said that this is all beginning to look like an uphill battle. [end recording]

Venezuelan Minister Announces Measures To Benefit Poor

PA0601191296 Caracas Venezolana de Television Network in Spanish 1545 GMT 5 Jan 96

[Report by Zayra Pereira; from the "The News" newscast]

[FBIS Translated Text] Several major announcements were made during the first economic cabinet meeting of the year, most related to the social program included in the Venezuela Agenda.

Family Minister Mercedes Pulio Briceno will now explain the new changes about to be implemented:

[Begin Pulio recording] Basically, our commitment is to ensure the purchasing power of lower-income families and the most vulnerable sectors of the economy. In this respect, we have decided to assign more resources for the School Nutrition Program, where the parents and teachers associations will develop a nutrition system either through mid-morning snacks or a lunch program that will also serve as a support to the quality of the educational system.

We have also planned a health program that includes supplying medications and in which purchasers will only be required to cover 10 percent of the cost of the medication, while the Health Ministry and the drug stores will cover the 90 percent difference.

The third program, which is also very significant, relates to changes in the Nutrition Fund that is simply a family subsidy. This program implies monetizing the fund itself and also that lower-income households will be able to have sufficient purchasing capacity to distribute its budget among the entire household.

We seek to guarantee sufficient food by providing financial support and protection to the Agriculture Ministry's basic staple basket program. We also seek to guarantee adequate access to medication, which is the most hefty expenditure the lower sector of the population has to endure, as well as to guarantee that the quality of education will not be undermined. [end recording]

Thank you, Family Minister. In any case, we would also like to explain that, as of the month of February, the 2,800 bolivares grant from the Nutrition Fund will be delivered in cash to all parents or legal guardians.

Venezuelan Oil Investment Fund To Increase Savings Rate

PA0501194096 Caracas ECONOMIA HOY in Spanish 3 Jan 96 p 3

[Report by Gregorio Salazar]

[FBIS Translated Text] The Oil Investment Fund [Fondo de Inversiones Petroleras — FIP] is to increase the national savings rate by 5 percent, equivalent to approximately $3 billion a year, and will place the oil industry, which is the country's most profitable industry, in a capacity to issue shares, which when estimated conservatively, could represent $5 billion over the next 10 years.

The main goal of this mechanism, announced on 1 January by President Rafael Caldera, will be to promote the issuance of safe and profitable shares in the capital market that will allow directing the country's savings toward businesses and projects related to the national oil industry. Any person who wishes to save, "including the less privileged," will have access to these shares

These shares will not only include businesses related to the market opening, but also all businesses related to Venezuelan Petroleum Inc. (PDVSA) in which the current law allows participation of third parties such as strategic associations, operational agreements, orimulsion, coal, petrochemicals, natural gas, handling of peripheral activities by third parties, as well as in assets related to contracting businesses and the supply of goods and services to the industry.

Legal Aspects

PDVSA has created and registered a new corporation to foment and organize this activity. The Chamber of Deputies has already approved draft bills of "Collective Investment Entities" and the "Stock Fund" to be discussed by the Senate of the Republic during extraordinary sessions starting 15 January.

These legal instruments will allow future distribution of economic benefits associated with various projects in low cost shares to reach all levels of national savings and become productive assets.

For example, pension funds, workers savings fund, social benefits fund to the small and medium-sized saving account holders — the shares's main goal — may have a diversified portfolio and benefit from large-scale economies by participating as part of a group of investors. These will have professional administrators that protect them, administer their portfolio, and offer low cost of transaction with yields normally associated with volume, which would never be available to these investors as individuals.

Advantages

It is estimated that the implementing of profitable shares will reactivate the Venezuelans' saving capacity, which has been at a level of 11 percent compared to 28 percent for South Pacific countries and 16 percent for Latin America. A 5 percent increase in the savings rate would represent $3 billion a year.

Regarding the share offer, the oil industry, being the country's most profitable industry, could deliver to the market shares with adequate profitability to raise national savings conservatively speaking 10 percent of the investments of the oil industry's business plan for the following 10 years, which represent shares for a total of $5 billion.

Other FIP advantages is that it favors the democratization of capital and brings the Venezuelan people close to its oil industry. It will also strengthen capital markets.

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